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Canada. Beauharnois Power Project,
Special Committee (House)

SESSION 1931

HOUSE OF COMMONS

4437

MINUTES OF PROCEEDINGS

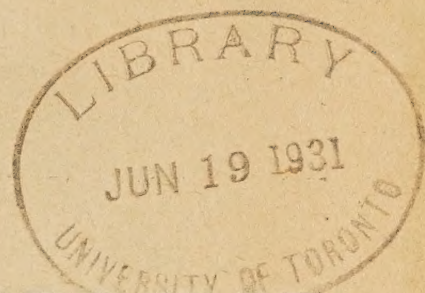
[and Report]

OF THE

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT



No. 1

MONDAY, JUNE 15, 1931

ORGANIZATION

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931



MEMBERS OF THE COMMITTEE

Hon. W. A. GORDON, *Chairman.*

Mr. C. N. Dorion,
Sir Eugène Fiset,
Mr. Robert Gardiner,
Mr. S. W. Jacobs,

Hon. G. B. Jones,
Mr. T. H. Lennox,
Hon. Ian Mackenzie,
Mr. J. S. Stewart,

H. E. TASCHEREAU,
J. P. DOYLE,
Clerks of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS

WEDNESDAY, June 10, 1931.

Resolved, That Messrs. Dorion, Fiset, Sir Eugene, Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*) be a Committee to investigate from its inception the Beauharnois project for development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada, and without restricting the generality of the foregoing words in particular to investigate the matters referred to in the speech made in the House of Commons, by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th day of May, last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

MONDAY, June 15, 1931.

Ordered, That the said Committee be given leave to print, from day to day, the minutes of proceedings and evidence taken, and also such representations, arguments and papers submitted as may be directed by the said Committee to be printed, for the use of the said Committee and Members of the House, not to exceed 600 copies in English and 200 copies in French.

Ordered, That the said Committee be given leave to sit while the House is in session.

Ordered, That the said Committee be granted leave to employ counsel for the purpose of assisting in the investigation of the matters referred to them by the House.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

FIRST REPORT

HOUSE OF COMMONS,

MONDAY, June 15, 1931.

The Special Committee on the Beauharnois Power Project have the honour to present the following as their First Report:—

Your Committee recommend that they be given leave to print, from day to day, the minutes of proceedings and evidence taken, and also such representations, arguments and papers submitted as may be directed by the Committee to be printed, for the use of the Committee and members of the House, not to exceed 600 copies in English and 200 copies in French.

Your Committee also recommend that they be given leave to sit while the House is in session.

All of which is respectfully submitted.

W. A. GORDON,
Chairman.

SECOND REPORT

HOUSE OF COMMONS,

MONDAY, June 15, 1931.

The Special Committee on the Beauharnois Power Project have the honour to present the following as their Second Report:—

Your Committee recommend that leave be granted them to employ counsel for the purpose of assisting in the investigation of the matters referred to them by the House.

All of which is respectfully submitted.

W. A. GORDON,
Chairman.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 268,

MONDAY, June 15, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2.00 o'clock.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Lennox, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).
—9.

It was moved by Mr. Jacobs, seconded by Mr. Lennox that Mr. Gordon be made Chairman.

Carried.

The CHAIRMAN: The Clerk will now read the Order of Reference.

WEDNESDAY, June 10, 1931.

Resolved, That Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*) be a Committee to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada, and without restricting the generality of the foregoing works in particular to investigate the matters referred to in the speech made in the House of Commons by Mr. Robert Gardiner, the honourable member for Acadia, on the 19th day of May, last, as reported on pages 1875-1887 of Hansard, and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

The CHAIRMAN: I think it will be necessary for each member of the committee to have a copy of Mr. Gardiner's speech of May 19th; also a copy of the Order in Council, P.C. 422 of 1929. I also think it desirable that each member be furnished with a copy of the Navigable Waters Protection Act, for reference.

Counsel have not yet been appointed, and I am rather of the opinion that we shall have to report back to the House and ask leave to engage counsel.

Hon. Mr. MACKENZIE: I do not think it is specified in the reference, but I believe that was the intention of the Prime Minister.

Mr. GARDINER: How many counsel would be appointed?

The CHAIRMAN: That will be decided by the committee, after we receive the authority of the House.

Mr. JACOBS: I have a suggestion to make, and that is that the members of the committee visit Beauharnois and have some opportunity of seeing it. I have never been down there myself; I have only a hazy knowledge of it; and I think it would be beneficial to every member of the committee to go down and see the work and be accompanied by an engineer, who could explain some of the details.

Mr. GARDINER: Mr. Chairman, I think, at the present time, that would not be advisable. It will be time enough to visit Beauharnois, when the committee has evidence before it to such an extent as to make that necessary.

Mr. JACOBS: What evidence do they have to have, in order to see the place?

Mr. GARDINER: We should not visit Beauharnois, until we know what we have to investigate.

Mr. JACOBS: I know what we are investigating; we are going to investigate your charges, seventeen of them in number, unless you want to add to them.

Hon. Mr. MACKENZIE: Would it not be advisable for Mr. Gardiner more or less to categorize his charges. I have gone through his speech and I have found seventeen different charges, more or less. I think it would assist the committee, if Mr. Gardiner would say what he considers the specific charges contained in his address.

Mr. GARDINER: I will do the best I can.

The CHAIRMAN: It might facilitate the work of the committee, Mr. Gardiner, if you could, as far as you can, set out these charges.

Mr. GARDINER: Yes, I will do that. It will take a little time.

Mr. JACOBS: With regard to my suggestion regarding visiting Beauharnois, does it meet with the approval of the committee?

Sir EUGENE Fiset: It might be advisable to wait a couple of days or until we have a chance to see what is before us. An important point has been raised by Mr. Mackenzie. I think, if Mr. Gardiner will prepare a specific agenda, it will help us to investigate this matter. I have read his speech. His charges are rather involved, and it makes it hard to distinguish one from the other. I think the first thing we should consider in this committee should be an agenda, presented by Mr. Gardiner, for our consideration.

The CHAIRMAN: I think we are all agreed, and I think Mr. Gardiner agrees, that insofar as these charges can be specified and particularized so that the committee will know where they are and what they have to deal with, it is very desirable; otherwise, we are likely to get into complexities and, probably, have a lot of over-lapping and repetition which is not calculated to assist us in disposing of this matter with facility.

Mr. LENNOX: Do you think we could intelligently go on with the investigation unless we have these charges specifically set out?

The CHAIRMAN: A resolution will be moved by somebody formally placing upon the record this matter asking Mr. Gardiner to particularize his charges as soon as he can, and lay them in that form before the committee.

It was moved by Mr. Jacobs that Mr. Gardiner particularize the matters contained in his resolution.

Mr. GARDINER: I would like to call attention to the fact that the reference also states that the committee is charged with the investigation of the Beauharnois project from its inception.

The CHAIRMAN: Yes.

Hon. Mr. MACKENZIE: When is it your intention to proceed, to-morrow?

The CHAIRMAN: That will have to be left to the committee. - We will have to report back to Parliament and be invested with the authority we now ask to appoint counsel. I would like to have an expression of opinion by the members of the Committee as to who counsel should be.

Mr. JACOBS: It seems to me that the appointment of counsel and the discussion turning on the abilities of various gentlemen who might act is a somewhat delicate matter, and I would suggest a small committee of, say, three, to act as a sub-committee to suggest the names of counsel. I should not like to have the names of eminent counsel bandied about here, and then end up by appointing only one, which, I suppose, is the number required.

Mr. STEWART: That is a good suggestion. I move that the Chairman, Mr. Lennox and Mr. Jacobs act as a sub-committee to consider the appointing of counsel.

Mr. GARDINER: Before you put that motion, I would like to say to the committee that, as far as I am concerned, if this committee is going to appoint counsel, that is all right; I have no objection to that; but, in view of the fact that this inquiry arose out of a statement which I made on the floor of the House of Commons, I would like to name associate counsel.

Mr. JACOBS: I might point out that Mr. Gardiner made his charges and he is also here as a member of the committee, and, that being so, it does seem to me he ought to be satisfied with that. He talks about associate counsel; we have not yet decided that there ought to be counsel.

Mr. JONES: I think Mr. Gardiner's request is a very reasonable one. Mr. Gardiner is not a lawyer. He made the charges and, I think, he should have counsel.

Mr. LENNOX: It would not be associate counsel; it would be counsel to represent Mr. Gardiner.

Mr. JACOBS: Will the Parliament of Canada pay the fees of two counsel, if one is to assist the committee and the other, under this suggestion made by Mr. Gardiner, is to represent him? It seems to me that one is sufficient.

Mr. LENNOX: That was done with regard to the committee that investigated the Customs Department. Mr. Kennedy, of the Progressives, had counsel of his own.

Mr. GARDINER: No. He had the use of associate counsel. That is all I asked for.

The CHAIRMAN: How would it be, Mr. Gardiner to leave the resolution as it is? We can use the word "counsel" in the plural sense when reporting to Parliament, and, when we get authority to appoint counsel, we can have the general discussion at our next meeting as to the regularity of the course that should be adopted. I am personally of mind that there should be some assistance given to you.

Hon. Mr. MACKENZIE: What about putting Mr. Gardiner on that sub-committee of three?

Mr. GARDINER: I am satisfied with the committee as it is.

The CHAIRMAN: If we get authority from Parliament to appoint counsel, that is all that is necessary.

Mr. LENNOX: Would that include counsel for Mr. Gardiner, and that he should be paid by the government?

Mr. JACOBS: That is the suggestion of Mr. Gardiner.

Mr. GARDINER: My suggestion is this, Mr. Chairman: This problem is big enough to engage the attention of more than one counsel.

Mr. LENNOX: I am not opposed to you having counsel, Mr. Gardiner.

Mr. GARDINER: All I am asking is that more than one counsel be appointed, and that I should have the privilege of naming the associate counsel, and that I should get the stuff ready for counsel to be placed before the committee.

Mr. JACOBS: What about the duty of the counsel that would be appointed?

Mr. GARDINER: I do not think one counsel can handle all this alone and get through it expeditiously.

Mr. JACOBS: I have no objection to the appointing of two or three counsel, but counsel to be named would be counsel appointed by the Committee.

Mr. GARDINER: Well, I merely ask for that purpose.

The CHAIRMAN: I understand that counsel will give his talent and efforts for the benefit of this Committee; that is what they are engaged for.

Mr. GARDINER: That is quite true, but I think the members of the Committee realize the importance of this matter and the immensity of it. I do not think the Committee should object to engaging counsel whom I know can dig up this stuff.

Mr. JACOBS: That is an insinuation already on the unappointed counsel, that he cannot dig up that stuff.

Mr. GARDINER: I mean to say, to do it more expeditiously, that is all. It will save money in the long run, and save time. However, we can leave that matter, Mr. Chairman, until after the Committee makes its report.

The CHAIRMAN: I am inclined to believe it should be discussed further, when we get authority to appoint counsel.

Mr. GARDINER: I think that would be the best way.

The CHAIRMAN: That will be satisfactory to you, Mr. Gardiner?

Mr. GARDINER: Yes, quite so.

The CHAIRMAN: All in favour of the resolution that we ask permission to appoint counsel.

Carried.

The CHAIRMAN: It was drawn to my attention—I do not know whether this committee should personally deal with it or not—that the rules only prescribed that the evidence, as taken down by the shorthand writers, be transcribed. If I am correct in that—and I believe I am—I think it is desirable that we ask permission that the shorthand writers take down the argument of counsel in this matter, because it will assist us very materially in the preparation of our final report.

Mr. GARDINER: I think that is necessary, Mr. Chairman.

The CHAIRMAN: Probably Sir Eugene Fiset will know what the procedure is in that regard. I am under the impression that the rules permit the shorthand writers to take down the evidence only.

Sir EUGENE Fiset: It all depends on the request that you make to the House. In the Peterson enquiry, the reporters took down every word of evidence and argument, right through from beginning to end.

The CHAIRMAN: What I had in mind was this: There may be, and likely will arise, certain questions of law that some members of our committee may have more difficulty than others in following because some are solicitors and accustomed to following those things and some are not. Counsel whom we will hear will, I trust, prepare arguments that have to do with the interpretation of law, and so on. If we have reflected in the record those arguments—we do not need to accept them—they will be very helpful, when we come to make a final report. If there is any doubt about those arguments being taken down by the shorthand writers, I would like to have it made abundantly clear, now, that they will be taken down.

Sir EUGENE Fiset: When the Committee on the Peterson enquiry sat, the argument of counsel was taken down, all of it; and the whole of the evidence was printed right through from beginning to end, and it was very helpful to the Committee.

The CHAIRMAN: Will someone move a resolution to that effect.

Mr. JONES: I would move that, Mr. Chairman.

Sir EUGENE Fiset: I will second the resolution.

Carried.

The CHAIRMAN: Gentlemen, I am sure it is the wish of all of us to get into this work and get through with it as expeditiously as we can. I was going to ask Mr. Gardiner if he, personally, had the names of any witnesses for whom he would require subpoenas issued, and then we could name the day when we could meet for the taking of evidence.

Mr. GARDINER: The first thing I want to ask, Mr. Chairman, is that the proper officer be asked to produce before this committee Sessional Papers No. 295, in 1928; No. 136A, in 1929; and No. 122, in 1930. I also want produced Order in Council, dated February 9th, 1914, re Boundary Waters Treaty Matters.

I would desire, also, to subpoena the Clerk of the Privy Council of the Province of Quebec to produce copies of:—

(a) All applications by Beauharnois Light, Heat and Power Company;

(b) Copies of all Orders in Council, leases, agreements, etc., passed, executed or made *re* Beauharnois Light, Heat and Power Company, and/or, W. H. Robert of the Heirs Robert.

Mr. JACOBS: I am not quite clear about producing documents held by the Clerk of the Privy Council of the Province of Quebec. Have we any jurisdiction over these documents of the legislature of the Province of Quebec?

Mr. GARDINER: Well, he can be requested to produce them. I would like to get copies of those documents for the use of the Committee. If we can get them anywhere else, all right.

The CHAIRMAN: Instead of bringing the Clerk of the Privy Council of the Province of Quebec here, which might be very proper, would it satisfy you if we could procure certified copies of those documents?

Mr. GARDINER: That would be quite all right, Mr. Chairman.

Mr. JACOBS: As I understand it, our jurisdiction extends over matters with which the Parliament of Canada can deal and not those outside the Parliament of Canada.

Mr. LENNOX: Of course, we could make the request.

Mr. JACOBS: But have we the power to ask for them? Has this Committee the power to ask for them?

Mr. LENNOX: I would think so.

Mr. JACOBS: I do not think the reference covers that.

The CHAIRMAN: The reference is quite broad.

to investigate from its inception the Beauharnois project for the development of hydro-electric energy by the use of the waters of the St. Lawrence River so far as the matters referred to are within the jurisdiction of the Parliament of Canada.

I know the point you are raising, Mr. Jacobs, but surely that does not prevent us from requesting public documents from public officers.

Mr. JACOBS: We are going beyond our jurisdiction, when we ask for documents and papers dealing with matters pertaining to the Province of Quebec.

Mr. LENNOX: I do not agree with you, there, because these very papers may assist us quite materially in dealing with matters within the jurisdiction of the Dominion.

Mr. GARDINER: That is the reason, Mr. Chairman, why I want them produced, to assist the committee.

The CHAIRMAN: Anyone can go and get those documents on paying a small fee.

Sir EUGENE Fiset: Would it not be well to ascertain if those documents are not already on file, here in Ottawa, in some of the departments, either the Department of Public Works or the Department of Railways and Canals, or the Privy Council?

The CHAIRMAN: I offer this suggestion: I think the course we should adopt in connection with these papers, and any like papers, where we have to seek records in Toronto, or Quebec, in public offices, is that we should do it through

the Secretary of State, asking him to request the production of those papers, giving him the list and asking him to secure for us certified copies. Would that not accomplish what we are seeking?

Sir EUGENE Fiset: I think that is the only procedure.

The CHAIRMAN: Can you give us the complete list, Mr. Gardiner, of what you want produced? Would you read into the record what you are asking for?

Mr. JACOBS: I have no particular objection to our obtaining those documents, but I reserve the right to raise the question that it is beyond our jurisdiction to deal with those documents at all, when they are brought before us.

Mr. GARDINER: I would ask that the following documents be produced by the proper officer of the Department of Public Works or of any other department to which they may belong:

All papers, plans, description of site of works treaties, contracts, correspondence, telegrams, reports Orders in Council and books which are in, or under the control of the Department relating in any way to the Beauharnois project or to any other project similar in character and relating to the St. Lawrence River between Lake St. Francis and Lake St. Louis, in connection with which any application has been made to the Governor General in Council or to the Minister of the Department of Public Works or to the Minister of Railways and Canals.

Copy of any application made by Cedar Rapids Manufacturing and Power Company, and disposition of same.

Mr. JACOBS: That is, insofar as it refers to the Beauharnois matters. We have no power to deal with the Cedar Rapids project.

Mr. GARDINER: Probably there is something in that.

Mr. JACOBS: We have no power to deal with Cedar Rapids.

The CHAIRMAN: What is the significance of this, Mr. Gardiner.

Mr. GARDINER: Well, certain applications have been made, Mr. Chairman, and we want a copy of those produced before this Committee. We want to give the Committee the information as to what they are disposing of.

The CHAIRMAN: Do I understand that the Cedar Rapids Company made an application for similar territory to the Beauharnois for the same power.

Mr. GARDINER: Well, a similar application.

Mr. LENNOX: Before or after.

Mr. GARDINER: Before.

The CHAIRMAN: For this same power?

Mr. JACOBS: Insofar as it relates at all to the Beauharnois project, but I reserve the right to raise the objection. Counsel will probably deal with that.

Mr. GARDINER: I want to call Mr. Gerard Lacroix of the firm of Theriault, Boisvenue & Lacroix, Barristers, 51 rue St-Pierre, Quebec, P.Q.

That he be required to produce the bank book of his law firm and duplicate deposit slips for the months of February, March and April, 1928. Also copies of all correspondence, telegrams, or other communications between his law firm, or the individual members thereof, and others, relative to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert.

Sir EUGENE Fiset: Would you read it again, Mr. Chairman. I do not understand what Mr. Gardiner was saying.

The CHAIRMAN: Mr. Gardiner is asking for the issue of a summons to Mr. Gerard Lacroix of the firm of Theriault, Boisvenue & Lacroix, Barristers, 51 Rue St-Pierre, Quebec, P.Q.

That he be required to produce the bank book of his law firm and duplicate deposit slips for the months of February, March and April, 1928. Also copies

of all correspondence, telegrams, or other communications between his law firm or the individual members thereof and others relative to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert.

I think that is perfectly regular.

Mr. GARDINER: I want to subpoena Mr. R. O. Sweezey, c/o Beauharnois Power Corporation Ltd., University Tower Building, Montreal, P.Q. That he be required to produce:

- (a) Agreement between himself and Robert heirs whereby he acquired certain assets of the Robert heirs including the shares of the Beauharnois Light, Heat and Power Company;
- (b) The agreement between himself and the Beauharnois syndicate whereby he transferred the said abovementioned assets to the said syndicate;
- (c) The Beauharnois syndicate agreement;
- (d) The letter written by him to the various brokers, referred to in the prospectus issued by them, and which letter is dated, Montreal, December 2, 1929;
- (e) Copies of all correspondence, telegrams, communications of any nature whatsoever between himself and others, including Senator W. L. Macdougald, Senator Donat Raymond, Senator P. J. Paradis and Senator Andrew Haydon in connection with the Beauharnois project;
- (f) The books and records of the Beauharnois syndicate.
- (g) Private bank books and cheques of himself for the years 1926, 1927, 1928, 1929, 1930, 1931 and the bank books and cheques of Newman, Sweezey & Co. Limited.
- (h) Copies of correspondence, telegrams or other communications between Newman, Sweezey and Company with the Beauharnois development.
- (i) Copy of all prospectuses issued by Newman, Sweezey and Company, Limited.

Then I want to subpoena Mr. H. B. Griffith, % Beauharnois Power Corporation Limited, University Tower Building, Montreal, P.Q. That he be required to produce:—

- (a) Duplicate original of the application of the Beauharnois Power Corporation Limited for incorporation.
- (b) The by-law and minute book of Beauharnois Power Corporation Limited.
- (c) The complete share register and bond register of Beauharnois Power Corporation Limited.
- (d) The Bank book and cheques of the Beauharnois Power Corporation Limited.

Mr. JACOBS: Are you putting a date limit on that?

Mr. GARDINER: No, no limit on that, Mr. Jacobs.

Mr. JACOBS: Would you mind reading that last paragraph?

Mr. GARDINER: The Bank book and cheques of the Beauharnois Power Corporation Limited.

- (e) Copies of all correspondence, telegrams, etc., between Beauharnois Power Corporation Limited, and others, in connection with the Beauharnois project.

Mr. JACOBS: That seems to be a pretty tall order, if you want to get the bank book and cheques. Do you want to get the bank book and cheques of the Beauharnois Company, from its inception to the present time?

Mr. GARDINER: Yes.

Mr. JACOBS: It seems to me to be entirely too broad. We have nothing to do with the Beauharnois Power Company, after a certain date; that is to say, this Committee has nothing to do with it. You want to investigate it until to-day?

Mr. GARDINER: The Power Corporation is not an old corporation.

Mr. JACOBS: From a certain date to a certain date?

Mr. GARDINER: The corporation came into existence in 1928, it did not come into existence before that.

Mr. JACOBS: You certainly do not want it after May 19th, 1931, when you made your speech?

Mr. GARDINER: Of course, I am not quibbling over a few days like that.

Mr. LENNOX: Make it May 19th?

Mr. GARDINER: All right, limit it to May 19th, 1931.

(e) Copies of all correspondence, telegrams, etc., between Beauharnois Power Corporation Limited, and others, in connection with the Beauharnois project.

Mr. JACOBS: Are you putting a date on that, too? I think it would be well to fix it to May 19th.

Mr. GARDINER: Why, Mr. Jacobs?

Mr. JACOBS: We cannot deal with anything after your remarks in the House. You will have to make a new speech in the House.

Mr. GARDINER: I can do that, if necessary.

Mr. JACOBS: That is something which I want to prevent, if I can.

Mr. GARDINER: I am quite willing to leave it at the 19th of May, then.

(f) Duplicate copy of original statement, in lieu of prospectus, filed on behalf of Beauharnois Power Corporation, Limited, and copy of the last annual return filed by the Beauharnois Power Corporation, Limited, with the Secretary of State.

The set of plans and the description of the site of works of the Beauharnois Light, Heat and Power Company, filed in office of the Registrar of Deeds, in the county of Beauharnois, and deposited in the office of the Minister of Public Works, approved by Order in Council P.C. No. 422, dated March 8, 1929.

To produce the set of plans and description of the site of works under which the Beauharnois development is being proceeded with.

The CHAIRMAN: Who do you ask to produce these documents?

Mr. GARDINER: I am asking the Secretary of State to produce that.

Mr. JACOBS: Would you mind reading that again?

Mr. GARDINER: To produce the set of plans and description of the site of works under which the Beauharnois development is being proceeded with.

Mr. JACOBS: You have not got a date on that.

Mr. GARDINER: What they are doing now—a set of plans under which they are doing the work at the present time.

Mr. JACOBS: I understand that is August 22, 1930. That is the one you have reference to?

Mr. GARDINER: The plans under which they are now proceeding.

Mr. JACOBS: Approved by order in council, August 22, 1930.

Mr. GARDINER: I want to subpoena Robert Dodd of Robert Dodd and Company, Inc., Investment Bankers, Royal Bank Building, Montreal, P.Q., and that he be required to produce: copy of report entitled "Beauharnois Power Corporation—A comprehensive analytical study of values, issued by Robert Dodd and Company, Inc., and dated March 31, 1930.

Copies of all orders placed for advertising by said Robert Dodd and Company, Inc., with the various newspapers in connection with the sale of Beauharnois collateral trust bonds, and copies of all newspapers con-

taining these advertisements, and cheques or other evidence of payment thereof. Copies of all letters, telegrams, or correspondence, or communications between Robert Dodd and Company, Inc., and others, in connection with the sale of said bonds for the Beauharnois project, and the said report.

Mr. J. P. Ebbs, Barrister, Ottawa Electric Building, Ottawa. That he be required to produce: Correspondence between the firm, or individual members thereof, of McGiverin, Haydon and Ebbs, and others, in connection with the Beauharnois project.

The CHAIRMAN: Were they acting as solicitors for Beauharnois?

Mr. GARDINER: Yes. They filed prospectuses.

Mr. JACOBS: What is meant by "correspondence between the firm or individual members of the firm and others."

Mr. GARDINER: Correspondence with others.

Mr. JACOBS: All referring to Beauharnois matter?

Mr. GARDINER: Yes.

Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ontario. That he be required to produce:

Certified copies of:

- (a) Order in council P.C. No. 422, dated March 8, 1929;
- (b) P.C. No. 2201, dated November 6, 1929, and other orders in council, in connection with the Montreal Cotton deal.
- (c) Order in council P.C. 2168, dated December, 1909.

The CLERK: What is the date, December—?

Mr. GARDINER: December, 1909.

Mr. R. A. C. Henry, c/o Beauharnois Power Corporation, Limited, University Tower Building, Montreal, P.Q. That he be required to produce:

All correspondence, telegrams, or communications, between himself and R. O. Sweezey, Senator W. L. Macdougald, Senator Donat Raymond, Senator Andrew Haydon and Senator P. J. Paradis and others, with reference to the Beauharnois project and the St. Lawrence Deep Seaway.

His bank book for the years 1924, 1925, 1926, 1927, 1928, 1929, 1930.

Mr. LENNOX: To whom is that addressed?

Mr. GARDINER: Mr. Henry.

Mr. JACOBS: Are you asking for Mr. Henry's private bank book?

Mr. GARDINER: Yes.

Mr. J. B. Hunter, Deputy Minister of Public Works, Ottawa, Ontario. That he be required to produce: Copies of any reports made by his Department on the Beauharnois project in the year 1930.

Mr. Ainslie W. Greene, Barrister, 63 Sparks Street, Ottawa, Ontario. That he be required to produce: Copies of all correspondence, telegrams, or other communications between himself and others, in connection with the Beauharnois project.

Mr. Andrew T. Thompson, of the firm of Thompson, Cote, Burgess and Thompson, Barristers, 140 Wellington Street, Ottawa, Ontario. That he be required to produce: Copies of all correspondence, telegrams, or other communications between himself or any other individual members of his law firm, and others, in respect to the Beauharnois project.

Mr. JACOBS: I am just wondering, Mr. Chairman, how far an attorney can be obliged to produce confidential correspondence between himself and his client.

The CHAIRMAN: So far as I am aware, the privilege belongs to the client, and the client may give the right to the attorney to produce correspondence, or withhold the right. The attorney, *quâ* attorney, if I recollect the law correctly, has no right whatever, to disclose to anyone his client's business, that privilege belongs to the client.

Mr. JACOBS: Exactly. How far is Mr. Gardiner going to be permitted to obtain this correspondence?

The CHAIRMAN: I was going to suggest that we go on with the issuing of subpoenas, and that the question of privilege be raised at the hearings.

Mr. JACOBS: I think that is quite proper.

Mr. GARDINER: I require: Mr. W. Stuart Edwards, Deputy Minister of Justice, Ottawa, Ontario. That he be required to produce:

Letter received by him from Mr. J. B. Hunter, Deputy Minister of Public Works, dated December 17, 1928, and his answer thereto, dated December 21, 1928; also, copies of any other official opinion given by him in connection with the Beauharnois project.

Mr. JACOBS: These are inter-departmental letters.

Mr. GARDINER: I just want to produce the evidence, that is all.

Mr. JACOBS: I think there was some decision in the House, this year, declaring that inter-departmental letters of that kind may sometimes be considered, and are considered, as confidential; is not that so?

Mr. STEWART: Does this refer to the written judgment of the Department of Justice?

Mr. GARDINER: It has something to do with that, yes.

Mr. STEWART: I think it is a proper document.

Mr. JACOBS: I am just raising the question now, I have not looked into it. It may be that these officials would not be permitted to produce these documents.

Mr. LENNOX: Would you mind reading that, Mr. Chairman?

Mr. CHAIRMAN: Mr. Gardiner says these have already been produced in the House.

Mr. GARDINER: Yes; all that I want is a copy for the Committee. I should like to call Mr. S. E. O'Brien, Secretary, Department of Public Works, Ottawa, Ontario, and Mr. D. W. McLachlan, Engineer, Department of Railways and Canals, Ottawa, Ontario. I think we have enough to keep us running for a while.

The CHAIRMAN: You do not want to go on and complete the list, as far as you can complete it?

Mr. GARDINER: No.

Mr. CHAIRMAN: What I had in mind was, since you have gone as far as you have. I thought it would be proper for you to indicate to us the witnesses you want called, and we can appoint a day and the hour when we should start.

Mr. GARDINER: I think I will take Mr. Lacroix first, followed by Mr. Dodd, followed by Mr. Sweezey. I think that will be enough for the present.

The CLERK: There are two Sweezey's.

Mr. GARDINER: R. O. Sweezey.

Mr. STEWART: I would like to offer this suggestion, that, in view of the charges, I, personally, think we ought to hear the engineers first, and the decisions, made by them, filed by them with the Department of Public Works. We should have the plans, filed with the Department of Public Works, on which they had to give a decision, and the Department of Justice must have given a written judgment with regard to the matter, and I think we should see those things first.

Mr. JACOBS: Do you not think we ought to wait until counsel has been appointed? We do not want to interfere with the manner in which counsel is going to conduct this investigation, or lay down a hard and fast rule. Perhaps at the next meeting we can have counsel here, and then we can decide the manner in which the investigation will be conducted.

The CHAIRMAN: I am rather inclined to agree with what Mr. Jacobs says. I think we should wait until counsel has been appointed, and we can then select the witnesses we shall hear, and get definite instructions on the manner in which we should conduct the investigation. I suggest to you, Mr. Gardiner, that you complete a list of the witnesses that you have there, in so far as you have them, because the Clerk of this Committee might be able to advance the work a little, if he knew what you had.

Mr. GARDINER: There are only two others, I will put them in now.

Mr. LENNOX: Have you given a list of all your witnesses now?

Mr. GARDINER: No, I think there will be some others, later. These are enough to start with.

Sir EUGENE Fiset: Is it your intention to ask for the authority of Parliament, this afternoon?

The CHAIRMAN: I doubt very much if this report will be ready.

The CLERK: Perhaps later in the day Parliament could revert to routine matters and our report be presented, either at six, or eight o'clock. We cannot, possibly have the report ready for three o'clock.

The CHAIRMAN: I think, gentlemen, we have covered all the formalities to enable this Committee to go ahead. If any of you have anything in mind that should be incorporated in this first report to Parliament, I should like to hear it, so we can incorporate it in the report now, and, if not, will someone move the adjournment of the Committee, to meet again when?

Mr. GARDINER: I suggest at the call of the Chair.

Committee adjourned, to meet at the call of the Chair.

SESSION 1931

HOUSE OF COMMONS

(SPECIAL COMMITTEE)

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

MONDAY, JUNE 15, 1931 (Executive Meeting)

MONDAY, JUNE 22, 1931 (Executive Meeting)

TUESDAY, JUNE 23, 1931

WITNESS:

Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ont.

EXHIBITS FILED

No. 1.—Order in Council, P.C. 422, 8th March, 1929, *re* Beauharnois Light, Heat and Power Company.

No. 1A.—Votes and Proceedings, House of Commons, 8th March, 1929, containing Order in Council, P.C. 422.

No. 2.—12 plans, No. 1165, file 804-1, *re* Order in Council, P.C. 422.

No. 3.—Order in Council, P.C. 1081, 22nd June, 1929, approval form of agreement for construction.

No. 4.—Order in Council, P.C. 1122, 27th June, 1929, Beauharnois Light, Heat and Power development works.

No. 5.—Order in Council, P.C. 1244, 19th July, 1929, approval of agreement between Dominion Government and Government of Province of Quebec.

No. 6.—3 plans, No. 1202, *re* Order in Council, P.C. 1244.

No. 7.—Orders in Council, P.C. 1758, 9th August, 1900; P.C. 1150, 24th September, 1901; P.C. 2145, 23rd October, 1929; P.C. 2201, 6th November, 1929; *re* leases of Montreal Cotton Company development works.

No. 8.—Orders in Council, P.C. 3763, 28th December, 1895; P.C. 1566, 8th July, 1915; P.C. 2202, 6th November, 1929; *re* leases Montreal Cotton Company, renewal lease, and sub-lease of Beauharnois Light, Heat and Power Company.

No. 9.—Orders in Council, P.C. 1710, 24th July, 1900; P.C. 496, 9th March, 1923; P.C. 2203, 6th November, 1929; *re* lease Beaubien Milling Company, renewal lease of Montreal Cotton Company, and sub-lease to Beauharnois Light, Heat and Power Company.

MINUTES OF PROCEEDINGS

COMMITTEE ROOM 268,

MONDAY, June 15, 1931.

Pursuant to notice, the Committee met at 2 p.m.

Members present: Messrs. Dorion, Fiset (*Sir Eugène*), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), and Stewart (*Lethbridge*)—9.

On motion of Mr. Jacobs, seconded by Mr. Lennox, Hon. Mr. Gordon was chosen to act as Chairman.

Hon. Mr. Gordon took the Chair and expressed his thanks to the Committee for the honour conferred upon him.

The Clerk read the Order of Reference.

Ordered: that the Clerk do supply the following to each member of the Committee:—

- Copy of the Order of Reference;
- Copy of Mr. Gardiner's speech of May 19, 1931;
- Copy of Order in Council: P.C. 422, March 8, 1929;
- Copy of Navigable Waters Protection Act.

It was moved by Mr. Mackenzie, seconded by Mr. Jacobs, that Mr. Gardiner be requested to particularize or categorize the charges made by him in his speech of May 19, 1931,—Motion carried.

It was moved by Mr. Stewart (Lethbridge), second by Mr. Jones, that a sub-committee composed of the Chairman, Mr. Lennox and Mr. Jacobs be appointed to select counsel, should the Committee be given leave by the House to employ counsel.—Motion carried.

On motion of Mr. Jones, seconded by Sir Eugène Fiset, it was resolved that the Committee report to the House recommending that leave be granted the Committee to print, from day to day, the minutes of proceedings and evidence taken, and also such representations, arguments and papers submitted as may be directed by the said Committee to be printed, for the use of the Committee and members of the House, not to exceed 600 copies in English and 200 copies in French, and that Standing Order in relation thereto be suspended.

Mr. Gardiner moved that the clerk be instructed to obtain for the use of the Committee the following papers:—

- Sessional Papers, 1928, No. 296; 1929, No. 136a; 1930, No. 122, also Order in Council, February 9, 1914, *re* Boundary Waters Treaty matters.

Mr. Gardiner submitted names of persons whom he desired subpoenaed to give evidence before the Committee, three of whom are: Gérard Lacroix, 51 rue St-Pierre, Quebec, R. O. Sweezy c/o Beauharnois Power Corporation, University Tower Bldg., Montreal, and Robert Dodd of Robert Dodd & Company, inc., Investment Bankers, Royal Bank Bldg., Montreal; also names of persons, and papers to be produced by such persons; also papers to be obtained from certain

departments of the government at Ottawa; also certain papers to be obtained from the government of the province of Quebec; also papers to be produced by the Beauharnois Power Corporation, and also correspondence and papers relating to the Beauharnois Development project including those relating to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert, all of which are set forth in the printed proceedings of the Committee.

The Committee after discussion agreed that no witnesses were to be called until after the appointment of counsel.

It was moved by Mr. Stewart (Lethbridge); seconded by Mr. Jacobs,—that the Committee report to the House recommending that leave be granted the Committee to employ counsel for the purpose of assisting in the investigation of the matters referred to them by the House.—Motion carried.

On motion of Sir Eugène Fiset, seconded by Mr. Dorion, it was resolved that the Committee obtain leave to sit while the House is in session.

Mr. Gardiner moved that the Committee adjourn to meet again at the call of the Chair.

V. CLOUTIER,
Chief Clerk of Committees.

MONDAY, June 22, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 9 p.m. Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jones, Stewart (Lethbridge).

A report was presented by the Chairman from the sub-committee appointed to select counsel recommending the appointment of Mr. Peter White, K.C., of Toronto, Ont., and Mr. Louis Morin, K.C., of St. Joseph de Beauce, Que.

The Chairman announced that if, during the course of the investigation, Mr. Gardiner should feel embarrassed in the presentation of the charges made, by reason of not having sufficient counsel, and should so notify the Chairman, no doubt further counsel would be granted.

On motion of Mr. Stewart (*Lethbridge*):

Resolved,—That the report of the sub-committee appointed to select counsel be concurred in.

The Chairman suggested that, on and from Thursday, June 18, the fee payable to Mr. Peter White, K.C., be one hundred and fifty dollars daily, plus twenty-five dollars daily for expenses, and that, on and from Wednesday, June 17, the fee payable to Mr. Louis Morin, K.C., be one hundred dollars daily, plus twenty-five dollars daily for expenses.

On motion of Mr. Gardiner:

Resolved,—That the suggestion of the Chairman respecting fees and expenses for Mr. Peter White, K.C., and Mr. Louis Morin, K.C., be adopted.

On recommendation of Mr. Peter White, K.C., of counsel for the Committee:

Ordered,—That Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, be advised to be present at the next meeting of the Committee, and that he do then submit, for the information of the Committee, the original of Order in Council, P.C. 422, March, 1929, together with all of the plans, drawings and other attachments.

Ordered,—That Mr. J. A. Drouin, Record Room, Secretary's Branch, Department of Public Works, Ottawa, be advised to be present at the next meeting of the Committee, and that he do then submit, for the information of the Committee, the original of Report 804, complete.

On motion of Mr. Gardiner:

Ordered,—That Mr. Robert Dodd of Robert Dodd and Company, Inc., Investment Bankers, Royal Bank Building, Montreal, be summonsed to appear on Thursday, June 25, and be required to produce then a copy of a report entitled "Beauharnois Power Corporation—A comprehensive analytical study of values, issued by Robert Dodd and Company, Inc., and dated March 31, 1930.

Copies of all orders placed for advertising by said Robert Dodd and Company, Inc., with the various newspapers in connection with the sale of Beauharnois collateral trust bonds, and copies of all newspapers containing these advertisements, and cheques or other evidence of payment thereof. Copies of all letters, telegrams, or correspondence, or communications between Robert Dodd and Company, Inc., and others, in connection with the sale of said bonds for the Beauharnois project, and the said report.

On motion of Mr. Gardiner:

Ordered,—That Mr. Gérard Lacroix, of Theriault, Boisvenue and Lacroix, Barristers, 51 rue St. Pierre, Quebec, P.Q., be summonsed to appear on Thursday, June 25, and be required to produce then the bank book of his law firm and duplicate deposit slips for the months of February, March and April, 1928. Also copies of all correspondence, telegrams, or other communications between his law firm, or the individual members thereof, and others, relative to the Beauharnois Light, Heat and Power Company, and/or the Heirs Robert.

In compliance with an order of the Committee made on June 15, the following documents were produced, viz:

By Mr. A. E. Horton, Chief of Parliamentary Papers Branch, House of Commons

Sessional Papers:

- No. 295 of Session 1928;
- No. 136 of Session 1929;
- No. 136A of Session 1929;
- No. 122 of Session 1930.

By Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ont.

Certified copies of Orders in Council:

- P.C. 2168, December, 1909; P.C. 305, February, 1914; P.C. 422, March, 1929; P.C. 2201, November, 1929; P.C. 2202, November, 1929; P.C. 2203, November, 1929.

The Committee adjourned until to-morrow at 2 p.m.

JOHN T. DUN,
Clerk of the Committee.

TUESDAY, 23rd June, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 2 p.m. Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Pursuant to an Order of the Committee, dated June 15, each member of the Committee was supplied with a copy of,—

(a) The Order of Reference; (b) The speech of Mr. Gardiner, M.P., May 19, 1931; (c) Order in Council, P.C. 422, March, 1929; and (d) Navigable Waters Protection Act.

Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ont., was called and sworn. He produced,—

Exhibit No. 1—Order in Council, P.C. 422, 8th March, 1929, re Beauharnois Light, Heat and Power Company.

Exhibit No. 1A—Votes and Proceedings, House of Commons, 8th March, 1929, containing Order in Council, P.C. 422.

Exhibit No. 2—12 plans, No. 1165, file 804-1, re Order in Council, P.C. 422.

Exhibit No. 3—Order in Council, P.C. 1081, 22nd June, 1929, approval form of agreement for construction.

Exhibit No. 4—Order in Council, P.C. 1122, 27th June, 1929, Beauharnois Light, Heat and Power Development works.

Exhibit No. 5—Order in Council, P.C. 1244, 19th July, 1929, approval of agreement between Dominion Government and Government of Province of Quebec.

Exhibit No. 6—3 plans, No. 1202, re Order in Council, P.C. 1244.

Exhibit No. 7—Orders in Council, P.C. 1758, 9th August, 1900; P.C. 1150, 24th September, 1901; P.C. 2145, 23rd October, 1929; P.C. 2201, 6th November, 1929; re leases of Montreal Cotton Company development works.

Exhibit No. 8—Orders in Council, P.C. 3763, 28th December, 1895; P.C. 1566, 8th July, 1915; P.C. 2202, 6th November, 1929; re leases Montreal Cotton Company, renewal lease, and sub-lease of Beauharnois Light, Heat and Power Company.

Exhibit No. 9—Orders in Council, P.C. 1710, 24th July, 1900; P.C. 496, 9th March, 1923; P.C. 2203, 6th November, 1929; re lease Beaubien Milling Company, renewal lease of Montreal Cotton Company, and sub-lease to Beauharnois Light, Heat and Power Company.

Mr. Lemaire retired.

The Committee adjourned until to-morrow at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 231,

TUESDAY, June 23, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2 o'clock, Hon. W. A. Gordon presiding.

Peter White, K.C., Louis Morin, K.C., for the Committee.

Mr. WHITE: I suppose, Mr. Chairman, the first thing to do will be to ascertain what counsel are present, and whom they represent?

The CHAIRMAN: Yes. Gentlemen, if you will let us know whom you represent we shall have it on record.

Mr. WHITE: I may say, perhaps, for the information of the members that Mr. Morin and I are appearing for the committee.

The CHAIRMAN: Mr. White and Mr. Morin are appearing on behalf of the committee and Mr. Gardiner. If the other counsel care to disclose themselves we shall put their names on record.

Mr. MONTGOMERY: Mr. N. W. Tilley, K.C. and Mr. L. A. Forsythe and myself, G. H. Montgomery, appear for the Beauharnois Company.

Mr. J. R. L. STARR: I appear for Senator McDougald.

Mr. MOREAUD: I appear for the Royal Trust Company.

Mr. WHITE: As we are investigating the Beauharnois Light, Heat and Power Company, Mr. Chairman, from the standpoint of the action in respect thereto by the Governor in Council, I propose, if it meets the approval of the committee, to commence proceedings by filing the Order in Council itself, and all other Orders in Council affecting the project. With that in view I would ask to call Mr. Lemaire, the secretary of the Privy Council. There may be some little difficulty about retaining these documents, and possibly the committee will consider that either copies or photographs should be made for the use of the committee, and the original may be returned to the Executive Council Office.

E. J. LEMAIRE, a witness called and being duly sworn, testified as follows:—

By Mr. White:

Q. Mr. Lemaire, you are the Clerk of the Privy Council of Canada?—

A. Yes, sir.

Q. And as such have charge of those records?—A. Yes, sir.

Q. Will you produce for me, if you please, Order in Council No. 422 of 1929.—A. This is the original, sir (producing).

Q. The original Order in Council. This, gentlemen, is an Order in Council dated the 8th March, 1929, and to which are attached certain plans and drawings and data.—A. There are twelve plans, besides the plans which are attached to the order itself.

Q. There are plans referred to in the Order in Council in addition to the plans.—A. These twelve plans accompany these, but it was not possible to have them—

Q. Speak up, we have to get this down on the notes.—A. Pardon me.

Q. You have made a bundle of twelve plans?—A. Yes, sir.

Q. Which I understand you to say are the plans referred to in this Order in Council?—A. Yes, sir.

Q. In addition to which there are certain plans and data attached to the Order in Council itself?—A. Quite so.

Q. All of which were before the Executive Committee?—A. Yes, sir.

Q. At the time of the passing of the Order in Council?—A. Yes, sir.

This Order in Council will be Exhibit No. 1.

The CHAIRMAN: Yes.

Order in Council put in and marked Exhibit No. 1.

Mr. WHITE: I notice on the plans that you have put in, the twelve plans, there is the number 804-1. That, I take to be the file of the Department of Public Works.—A. Yes, sir.

Q. And there is, Mr. Chairman, the file of documents which will be produced, which has a corresponding number, which come from the Public Works Department. And there is also in red ink on the outside of this set of twelve plans, which will be Exhibit No. 2, the letters and figures and words, P.C. 422, 8th March, 1929?—A. Yes, sir.

Q. Is that your writing?—A. No, sir, not my writing it was done in my office.

Q. That identifies the plans?—A. Yes, sir.

Q. I suppose it is on each one of them?—A. I imagine so.

Q. Well, we will have to see. Is it twelve in one?—A. It looks like it sir.

Q. The others are similar. They do not appear to be identified by any mark of your office, but bear the similar number of the Department of Public Works 804-1.—A. Yes; that identifies the whole bundle, on that one.

Q. It identifies the whole bundle?—A. Yes.

Mr. WHITE: Counsel for the company, Mr. Chairman, were good enough to say that they had a plan which would correspond to the larger plan here, and which we may have put up somewhere in this room.

The CHAIRMAN: We may put it up on this frame for reference.

Mr. WHITE: Do you intend to have that done, Mr. Montgomery?

Mr. MONTGOMERY: Yes, sir; we have them here.

The CHAIRMAN: Mr. Montgomery, is the plan in such a form that we can hang it up?

Mr. MONTGOMERY: I think so.

Mr. WHITE: That is the one that Mr. Christie and I agreed on this morning, Mr. Montgomery?

Mr. MONTGOMERY: Yes.

Mr. WHITE: Not the revised one, you understand?

Mr. LENNOX: It is the same as the original?

Mr. WHITE: I understand so.

Mr. MONTGOMERY: I do not know whether this long plan is the original—it is not the original.

Mr. WHITE: No. It is just for the purpose of reference. While the plan is being hung I might go on.

As I have intimated, Mr. Chairman, this order in council is dated 8th of March, 1929, and it bears "Privy Council No. 422," and there is a notation on it, "The Deputy Minister of Public Works plans, etc., 9th of March, 1929," and a notation on the front of it, "plan No. 1165"—exhibit 2 bears that number

—and also the note, “ See further P.C. 1081, 22.6.29; P.C. 1122, 27.6.29; P.C. 1244, 19.7.29; and there are three further orders in council passed either supplementary to their carrying out the terms mentioned in this order in council—

Mr. LENNOX: Can you give me the numbers again?

Mr. WHITE: P.C. 1081, 22.6.29; P.C. 1122, 27.6.29; P.C. 1244, 19.7.29. There are certain other ones that will have to be referred to, but not directly.

Sir EUGENE Fiset: You mentioned three of them.

Mr. WHITE: Yes. Four altogether.

If you would like to follow the original, Mr. Chairman, I have a copy here which I can use. This order in council is as follows—I am only reading those parts which occur to me as important, and as we go over it, if other counsel desire me to read any parts which I am leaving out, I shall be very glad to do so.

The Committee of the Privy Council have had before them a Report, dated 8th March, 1929, from the Minister of Public Works, submitting: That the Beauharnois Light, Heat and Power Company—

And it is important to make the distinction at the outset between the Beauharnois Light, Heat and Power Company, and the Beauharnois Company.

—was incorporated by chapter 72 of the Statutes of Quebec, 1902, amended by chapter 77 of the Statutes of Quebec, 1910, and further amended by chapter 113 of the Statutes of the same Province of 1928.

If anything turns on the construction of those statutes I understand that counsel for the company have, in pamphlet form, a consolidation of the three Acts, which may be convenient for any of the members, and I understand they are available.

That section 11 (a) of the amending statutes of 1928 reads as follows:—

The Company may build a new canal or feeder from any point on the feeder mentioned in section 9 of this act (or on Lake St. Francis within two miles in a southwesterly direction along the shore from the mouth of such feeder) to any point on (Lake St. Louis, at or within one mile and a half in a westerly direction along the shore of Lake St. Louis from the junction of the St. Louis river with Lake St. Louis, the distances above mentioned to be measured in both cases from the centre line of the new canal), and for that purpose, and for the purpose of enlarging the existing feeder, may expropriate such lands as may be necessary, not exceeding in all six arpents in width. It may, if found advisable, use any part of the bed of the St. Louis river for such canal or feeder, subject to first providing a new bed for the said river, and it may acquire by expropriation the land necessary to that end.

The powers of expropriation hereby granted shall be exercised, only subject to the provisions of (sections 21 to 25, inclusive, of chapter 46 of the Revised Statutes, 1925).

That, perhaps, is not important. Then, it provides that the company shall not enter into—

The CHAIRMAN: Pardon me, have you any copies of these statutes?

Mr. MONTGOMERY: Yes, I have.

Mr. TILLEY: You may have my copy.

Mr. MONTGOMERY: We shall have spare copies for members of the committee at the next sitting.

Mr. WHITE:

The company shall not enter into possession of any property of the Crown, for the purpose of exercising any power conferred by this act or otherwise, without first having obtained the right so to do from the Lieutenant-Governor in Council. Nothing in the present act shall be construed as authorizing the company to violate rights now held by any other person or company for the operation of plants producing electrical energy.

Then the report of the Minister provides, that the Company, under date of June 23, 1928, was granted an emphyteutic lease by the Provincial Government of Quebec of 'The rights of the Province of Quebec to such part of the hydraulic powers,'—

that becomes of some importance. It is important to know what was leased or just whatever right or rights the province of Quebec had.

Mr. LENNOX: What is meant by emphyteutic?

Mr. WHITE: It gives you the absolute ownership—I am going to look at it in the dictionary and get the derivation of it.

Mr. LENNOX: It is something—

Mr. WHITE: It is an animal we do not know in Ontario. It means a lease which gives the lessee the practical ownership of the land for a limited period subject to such terms that the Minister may impose. Is that about right Mr. Montgomery?

Sir EUGENE Fiset: From the Federal point of view, it was conferred by Order in Council.

Mr. WHITE: Depending upon one of several constructions. I do not think that could be stated categorically without completely understanding what the location of the particular territory covered by the lease is.

The rights of the Province of Quebec to such part of the hydraulic powers of the St. Lawrence River that can be developed between Lake St. Francis and Lake St. Louis, through a derivation canal on the right (southern) shore, having a maximum flowing capacity of 40,000 cubic feet per second, the Province reserving the ownership and the free disposition of the surplus.

Before we are through there probably may be very considerable discussion as to not only the meaning of this grant or lease, but as to the respective rights of the province and the Dominion in respect thereto.

Hon. LUCIEN CANNON: Mr. Chairman, I arrived late. I appear for the province of Quebec.

Mr. WHITE: It has just occurred to me, Mr. Chairman, that there is not very much object in having Mr. Lemaire wait here while these are being read. I might put all the orders in council in and let him go.

The CHAIRMAN: After all, the order in council could be put in now. There is the question of these original documents, gentlemen. I do not think they should be kept out of the place where they are usually kept and we should arrange to have them, or such parts of them photographed. That can be done here.

The WITNESS: I take it that it is not possible for me to leave those documents here. I brought them here to establish the fact that I have got them. They are at the disposal of the committee at any time they are desired and if they can be photographed I shall be glad to co-operate with you to any extent.

The CHAIRMAN: Being the custodian of those documents, charged with the responsibility of them, I am afraid you will have to stay here until we are through with them.

The WITNESS: Well, Mr. Chairman, I will be glad to do that.

Mr. LENNOX: Not just during this afternoon but during the whole of the investigation.

Mr. WHITE: There are copies of the reports, I think sufficient for the members of the committee. What I would like to have photographed are the plans and that material attached to the orders in council which are not part of the copies supplied.

The CHAIRMAN: That can be arranged for right away.

The WITNESS: I am quite sure there are copies. We got them from the Department of Public Works and we got more than one set.

Mr. WHITE: Mr. Hunter, is it a fact that your department has copies of these particular things.

Mr. HUNTER: Yes, we have copies of all those.

Mr. WHITE: I suggest, Mr. Chairman, making a comparison of these plans with the ones that are in the Public Works Department, getting their plans and using them here, and then if these plans are required by the members of the committee they can then be photographed and distributed.

Mr. MONTGOMERY: I understand, Mr. Hunter, you have the linen tracings from which blueprints have been taken.

Mr. HUNTER: I am not sure of that.

Mr. MONTGOMERY: My instructions are that you have the linen plans from which blueprints can easily be struck.

Mr. WHITE: If we could have the linen tracings here that would be better.

By Mr. White:

Q. Then, Mr. Lemaire, have you order in council 1081.—A. Yes.

(Order in Council marked Exhibit No. 3.)

By Mr. White:

Q. This is the original order in council P.C. 1081 dated 22nd June, 1929, and it is the order in council approving of the form of agreement referring to the construction of the works at Beauharnois.—A. Yes, sir.

Mr. WHITE: The order in council itself is very short, and again, without interrupting the thread of this thing, it might perhaps be read and Mr. Lemaire can take that one back, Mr. Lemaire points out to me, Mr. Chairman, that under the Canada Evidence Act a document printed by the King's Printer is *prima facie* evidence and he hands me No. 32 of the Votes and Proceedings of the House of Commons of Friday the 8th March, 1929, which contains a printed copy of the documents. That is order in council 422, so that might be filed as 1-A.

P.C. 1081.

The Committee of the Privy Council have had before them a report, dated 17th June, 1929, from the Minister of Public Works, submitting as follows:—

That an Order in Council (P.C. 422) was passed on March 8, 1929, granting the application of the Beauharnois Light, Heat and Power Company, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for the approval of the plans and site of works proposed to be constructed with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned, the said approval, however, being granted subject to certain conditions, and to

such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder, and to take effect only after an agreement incorporating the conditions of approval and satisfactory to the Minister of Public Works has been executed by the Beauharnois Light, Heat and Power Company, and His Majesty the King as represented by the said Minister;

That the agreement referred to, incorporating the conditions of approval, has been submitted to the Minister of Public Works, and is satisfactory to him, clauses 3, 7, 10, 24 and 26 having been extended so as to clarify their meaning and remove any possibility of doubt as to the intention thereof.

The Minister, therefore, recommends that the agreement between the Beauharnois Light, Heat and Power Company and His Majesty the King, required pursuant to the approval granted by Order in Council (P.C. 422) of March 8, 1929, be approved in the form attached, and that the Minister of Public Works be authorized to execute it.

The Committee concur in the foregoing recommendation and submit the same for approval.

W. L. MACKENZIE KING

Approved:

WILLINGDON.

22. VI. 29.

Then attached to that is a copy of the memorandum of agreement between the Beauharnois Light, Heat and Power Company and His Majesty, the agreement referred to in the body of the order in council and I do not think that at this stage I need trouble you with the reading of it because it is a bit complicated and perhaps it will come in order better at a later stage.

By Mr. White:

Q. Then the next one, Mr. Lemaire.—A. The next one, sir, will be P.C. 1122.

Q. You now produce original order in council, P.C. 1122 dated June 27, 1929.

—A. Yes, sir.

Mr. WHITE: This order in council, gentlemen, approves of an agreement between the Dominion of Canada and the provincial government of Quebec. The order in council is very short. I can read it.

The CHAIRMAN: Is a copy of the agreement attached, Mr. White.

Mr. WHITE: Yes.

"P.C. 1122

The Committee of the Privy Council have had before them a report, dated June 20, 1929, from the Minister of Public Works, submitting as follows:—

That an Order in Council (P.C. 422) was passed on March 8, 1929, granting the application of the Beauharnois Light, Heat and Power Company, under section 7, chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for the approval of the plans and site of works proposed to be constructed with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said company along the St. Lawrence river between the two lakes mentioned, the said approval, however, being granted subject to certain conditions;

That condition No. 24 provides that the company before commencing the construction of any part of the approved works, shall procure the execution by the Province of Quebec of an agreement with and to the satisfaction of the Dominion Government;

That the agreement referred to has been submitted to the Minister of Public Works and is satisfactory to him.

The Minister, therefore, recommends that the agreement between the Dominion Government and the Provincial Government of Quebec, required pursuant to condition No. 24 of the Order in Council (P.C. 422) of March 8, 1929, above mentioned, be approved, and that the Minister of Public Works be authorized to execute it.

The Committee concur in the foregoing recommendation and submit the same for approval.

“ W. L. MACKENZIE KING

“ Approved

“ WILLINGDON

“ 27-6-29 .

“ P.C. 1122A

“ MEMORANDUM OF AGREEMENT made the . . . day
of . . . 1929.

“ BETWEEN:

HIS MAJESTY THE KING, in the right of the Dominion of Canada, represented by the Minister of Public Works of the Dominion and hereinafter referred to as the Dominion

Of the First Part

AND

HIS MAJESTY THE KING, in the right of the Province of Quebec, represented by the Minister of Lands and Forests of Québec hereinafter referred to as the Province.

Of the Second Part

Whereas by order of the Governor in Council dated the 8th day of March, 1929, approval under the Navigable Waters Protection Act was granted to the Beauharnois Light, Heat and Power Company, of certain projected works mentioned therein.

And whereas such approval was granted subject to conditions to be agreed on by the company.

And whereas one of the said conditions was that the Company should, before commencing construction of any part of the approved works, procure the execution by the Province of an agreement with and to the satisfaction of the Dominion respecting the maintenance by the Province of the said works in the event of same becoming the property of the Province in a completed state.

And whereas it was a further condition of such approval that upon termination of a certain emphyteutic lease dated the 23rd day of June, 1928, granted by the Province to the Company, or upon termination of the

rights granted thereunder, or in case the approved works or any part thereof should become the property of the Province while in an uncompleted state, the approval should cease and determine.

And whereas the Province has agreed accordingly. Now therefore in consideration of the premises, this Indenture witnesseth as follows:

1. The Province hereby undertakes and agrees that should the works approved by the aforesaid Order in Council of the 8th day of March, 1929, (P.C. 422) or a part thereof in a completed state become the property of the Province, in any manner other than by assignment or by termination of the emphyteutic lease of the 23rd day of June, 1928, or of the rights granted thereunder, the Province will either transfer the same to the Dominion or will maintain the same or cause the same to be maintained in a proper state of repair and in such manner that the facilities of navigation upon and through the canal (which is part of the approved works) shall not be less than when the same works or any part thereof so became the property of the Province, and the Province will do nothing whatever to interfere with or affect navigation upon or through the said canal or the use of such facilities therefor: Provided that should the Province in such case not operate or should the Province thereafter cease to operate the said works for the production of hydro electric energy or other power, it shall not be liable to maintain and repair any part of the said works, but will permit the Dominion to have complete access to any lands, works or property of any kind whatsoever in the possession or control of the Province, for the purpose of maintaining the said works or any part thereof in a proper state of repair.

2. The aforesaid undertaking of the province is given upon the understanding that upon the termination of the emphyteutic lease of the 23rd day of June, 1928, or the rights granted thereunder, or in case the approved works or any part thereof should become the property of the province while in an uncompleted state, the approval of the said works by the Governor in Council shall cease and determine.

3. The Dominion hereby acknowledges and declares that the present indenture is an agreement with and to the satisfaction of the Dominion, the execution whereof is required by the provisions of Clause No. 24 of the agreement between the Dominion and the Beauharnois Light, Heat and Power Co. of the day of 1929.

In witness whereof the Parties hereto have executed these presents by the hands of their aforesaid duly authorized representatives on the date hereinabove firstly written.

(Order in Council No. P.C. 1122 marked Exhibit No. 4.)

By Mr. White:

Q. Then you produce Order in Council P.C. 1244, 19th July, 1929, approval form of agreement for conveyance of lands, for Site of Works. (Plan No. 1202), three plans, and you produce the three plans referred to which are numbered in red ink on an envelope on the side "plan number 1202" and also P.C. 1244 of 19th July, 1929, Beauharnois Light, Heat & Power Company for canal.—
A. Yes.

(P.C. 1244 is marked Exhibit No. 5.)

Mr. WHITE: This Order in Council is somewhat longer.

Mr. LENNOX: I thought you said it was an agreement for site of works.

Mr. WHITE: No, approval of agreement for conveyance of lands for certain purposes. And this agreement, however, becomes of some importance in one respect which I shall mention in a moment:—

P.C. 1244. The Committee of the privy council have had before them a report, dated 22nd June, 1929, from the Minister of Public Works submitting as follows:—

That an order in council (P.C. 422) was passed on March 8th, 1929, granting the application of the Beauharnois Light, Heat and Power Company, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for the approval of the plans and site of works proposed to be constructed with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned,

May I ask the members of the committee, if possible, to retain that phrase in their memory, “for the approval of the plans and site of works.”

the said approval, however, being granted subject to certain conditions, and to take effect only after an agreement incorporating the conditions of approval and satisfactory to the Minister of Public Works has been executed by the Beauharnois Light, Heat and Power Company and His Majesty the King as represented by the said Minister;

That by Order in Council (P.C. 1081) passed on June 22, 1929, the form of agreement to be entered into between His Majesty the King and the Company was approved;

The CHAIRMAN: Is that the agreement referred to in P.C. 1081.

Mr. WHITE: No, it is a different agreement. 1081 only applied to a certain condition. This Order in Council refers to something else of another kind. It does not deal with the same subject as 1081 does:—

That conditions Nos. 7 and 9 of the Order in Council (P.C. 422) and section 7 and 9 of the form of agreement provide for the conveyance by the company to His Majesty of the title of certain lands sufficient for the site of the locks and appurtenant works which may subsequently be constructed by the government, and, further, for the granting by the company to His Majesty of sites for aids to navigation and for public wharves.

And the committee will hear later, from the files in the Public Works Department, as to what the condition was with respect to the granting of sites for wharves and for aids to navigation.

That the company and the government have agreed upon the location and extent of the lands to be conveyed for the purposes mentioned and a form of agreement satisfactory to the Minister has been drafted describing such lands.

The Minister, therefore, recommends that the agreement between the Dominion Government and the Beauharnois Light, Heat and Power Company, pursuant to conditions Nos. 7 and 9 of the Order in Council (P.C. 422) of March 8, 1929, and sections 7 and 9 of the form of agreement approved by Order in Council (P.C. 1081) dated June 22, 1929, be approved, in the form attached, and that he be authorized to execute it.

The committee concur in the foregoing recommendation and submit the same for approval.

The CHAIRMAN: The agreement referred to in P.C. 1081 is the agreement governing the construction of the work.

Mr. WHITE: No.

The CHAIRMAN: P.C. 1081 then is the order in council approving the agreement that has to do with the construction of the works.

Mr. WHITE: Yes.

The CHAIRMAN: A moment ago when you turned to Exhibit 5 which you are now reading from I thought it referred to the agreement that was approved by Exhibit No. 3.

Mr. WHITE: It recites order in council 1081 in this way:—

That by order in council (P.C. 1081) passed on June 22, 1929, the form of agreement to be entered into between His Majesty the King and the Company was approved.

And that is all it says here, and it refers back to the original order in council 422 for conditions 7 and 9 and sections 7 and 9 of this agreement.

The CHAIRMAN: Those are the sections of 422 that have reference to the navigation, construction of locks and the appurtenant works of the company's agreement. It reads, "to His Majesty of sites for aids to navigation. . ." and so on.

Mr. WHITE: Yes. Then this agreement recites orders in council 422 and 1081. And then the further recital:—

Whereas conditions Nos. (7) and (9) of the said order in council No. P.C. 422 and sections 7 and 9 of the said form of agreement provide for the conveyance by the company to His Majesty of the title to the necessary lands sufficient for the site of the locks and appurtenant works referred to in said condition No. (7) and in said section 7, and for the granting by the company to His Majesty of sites for aids to navigation and for public wharves; and

Whereas the parties hereto have agreed upon the location and extent of the lands to be conveyed to His Majesty by the Company as provided in said condition No. (7) and in said section 7, and of the sites for aids to navigation and for public wharves to be granted to His Majesty as provided in said condition No. (9) and in said section 9, subject to the conditions and provisions hereinafter set out.

Now therefore this agreement witnesseth that in consideration of the premises and of this agreement;

1. The lands which the company shall be obliged, pursuant to the aforesaid condition No. (7) and to the aforesaid section 7, to acquire and convey to His Majesty for the site of locks and appurtenant works, shall be those lands indicated for such purpose on the plan hereto annexed marked "A" and described in schedule "A" hereto annexed, but nothing herein or in the aforesaid order in council (P.C. 422) or in the aforesaid agreement contained shall have the effect of obliging the company to acquire or convey any lands forming part of railway rights-of-way or provincial or municipal highways, but in the event of such rights-of-way or highways or any of them becoming the property of the company, it shall be obliged to convey the same to His Majesty.

2. The lands which the Company shall be obliged, pursuant to the aforesaid condition No. (9) and section 9 to acquire and convey to His Majesty for the sites of public wharves, shall be those lands indicated for such purpose on the plan hereto annexed marked "B" and described in schedule "B" hereto annexed.

I think that is all of this agreement that becomes pertinent except that clause 4 says:—

The lands which the company is obliged by this agreement to convey shall be so conveyed from time to time as required by the Minister of Public Works for the respective purposes for which they are intended

without charge to His Majesty and by title satisfactory to the Minister and free of encumbrances. If, in any case, the company fails for six months to convey any lands required by the Minister, the Minister may expropriate such lands and the company shall have no claim to compensation, and, moreover, the company agrees to indemnify His Majesty and save him harmless against any claim arising out of any such expropriation whether for compensation or damages.

5. This agreement shall be read with and as supplementary to the agreement of the 25th day of June, 1929, hereinbefore mentioned.

Then follows a description of certain lands, which is technical, and I do not think you need bother with it. Later on there may be something of a kind which I may have to trouble the committee with; but I think not at the present time. It is important, however, to look at the plan, and the plan will be marked Exhibit No. 6.

(Three plans marked Exhibit No. 6.)

Mr. WHITE: The plan No. A-1 of Exhibit No. 6, shows a parcel of land which is conveyed for the purpose of the lock at the foot of the channel or at the outflow to Lake St. Louis, and there is nothing I think I need call your attention to with respect to that.

The one marked A-2, there is nothing special about it either.

The one marked B, I would like you to look at. It shows the new canal to be built from Lake St. Francis on what is called Hungry Bay. It shows the canal from Hungry Bay from Lake St. Louis and contains, in red, certain parcels of land on the sides of the channel, or canal which are to be conveyed for the purposes of wharves and other aids to navigation, including some parcels of land immediately at the entrance to the canal at the upper end. And it is important to note that these particular locations, as I say, are on either side of the whole channel. The significance of that will appear later. The channel, I just wanted to point out, at the time of this approval under the plans filed, from bank to bank had a width of 3,300 feet approximately; it may be 3,308. And then there will be some discussion later about the railway bridges across the canal and it is important to note that they are put on here. I think the Canadian National bridge shows across the canal as indicated here, and then the New York Central as indicated here.

Sir EUGENE Fiset: And there are five bridges.

Mr. WHITE: Those are railway bridges. In addition to that there are other highway bridges. But that is a question of engineering, as to whether they shall be put together or maintained separately. There are three railway crossings, two New York Central at St. Louis and at Beauharnois and north of Valleyfield. The plan is drawn to scale. The width of the canal is not indicated in figures.

Mr. MONTGOMERY: It is either 3,300 or 4,000.

Mr. WHITE: That matter will develop in its proper time. If my learned friends concur, it will only be necessary to photograph that plan B of Exhibit 6.

Mr. MONTGOMERY: Personally I have not looked at them yet.

The CHAIRMAN: Of those three plans is B the general plan.

Mr. WHITE: It is the general plan. It will be convenient to have in your mind that that plan will show the general information with regard to the work. We will have another plan altogether which will do that.

By Mr. White:

Q. Now, Mr. Lemaire, are there other orders in council than the ones you have produced referring to the Beauharnois project?—A. Yes, sir.

Q. What others?—A. Three orders in council were passed on the 6th November, 1929, providing for the transfer of the leases from the Montreal Cotton Company to the Beauharnois Light, Heat and Power Company.

Q. Let me see them, please.

Mr. STEWART: All those are referred to in the original P.C. 422.

Mr. WHITE: The recital in it is this:—

Whereas the company on or about the day of , 1928, made application under the Navigable Waters Protection Act for the approval of certain works in the St. Lawrence River involving the diversion from Lake St. Francis to Lake St. Louis of forty thousand cubic feet of water per second for the purposes of a proposed power development, the whole as shown on the documents attached to an Order in Council dated the 8th March, 1929 (P.C. 422).

And whereas on the twenty-third June, 1928, the Company was granted an emphteutic lease by the provincial government of Quebec, the main provisions of which are mentioned or referred to in the said Order in Council P.C. 422.

And whereas having in view the circumstances recited in the said Order in Council, approval is thereby granted of the said works, under the said Act, subject to the terms, conditions, additions, improvements, alterations, changes, substitutions, modifications and removals in the said Order in Council mentioned or referred to.

And whereas it is provided by the said Order in Council that the said approval shall take effect only after an agreement incorporating the conditions enumerated therein and satisfactory to the Minister of Public Works of Canada has been executed between the Company and His Majesty.

And whereas the agreement herein contained is satisfactory to the said Minister.

Now therefore this agreement witnesseth.

It is the general construction without reference to any particular paragraph of the original order in council.

By Mr. White:

Q. You produce now three Orders in Council.—A. On the 6th of November, 1929, three Orders in Council were passed, P.C. 2201, 2202 and 2203, subletting to the Beauharnois Light, Heat and Power Company leases originally granted to the Montreal Cotton Company and these orders referred to previous Orders in Council. I have got the previous Orders in Council.

Q. Then take P.C. 2201 first, 6th November, 1929, which will be Exhibit No. 7, that Order in Council has this:—

The committee of the privy council have had before them a report, dated 29th October, 1929, from the Minister of Railways and Canals, representing that, under authority of an Order in Council of the 9th of August, 1900, as amended by an Order in Council of the 24th of September, 1901, a lease (No. 14332), dated the 30th of October, 1901, was granted to the Montreal Cotton Company of two certain parcels of Beauharnois Canal reserve land, in the town of Salaberry de Valleyfield, P.Q.; one, 5.49 acres in extent, being composed of Lot No. 755 and part of Lot No. 829 of the official plan of the said town of Salaberry de Valleyfield, and the other, 34,300 square feet in extent, being part of Lot No. 853 of the said official plan, together with the right and privilege to draw from Lake St. Francis, above the Lower Dam, water to a total extent not exceeding 2,500 horse power, to be used and applied by the lessee for general manufacturing purposes. The lease was granted for

a term of 21 years from the 1st of March, 1901, at the yearly rental of \$1,433; renewable, on the same terms and conditions, except as to rental, in 21 year terms forever.

I should have mentioned perhaps before proceeding to read this Order in Council, that in the old canal at Valleyfield the Dominion government had a dam which, I think, was erected there before confederation. That dam created a certain amount of water power and was leased to the Montreal Cotton Company by the Dominion.

Mr. LENNOX: How are we interested in that.

Mr. WHITE: Because the Dominion approved of the transfer of that lease from the Montreal Cotton Company to the Beauharnois Company involving in this particular instance withdrawal of 2,500 cubic second feet in addition to the 40,000 authorized by P.C. 422 of water from Lake St. Francis and consequently from St. Lawrence River between the two lakes. This is 2,500. The total amount involved in these three is, I understand, 13,000 odd horse power. So that as the matter stands, when we have completed examining these Orders in Council the amount which the company claimed to be authorized to withdraw under 422 and under those three Orders in Council was 53,000 cubic second feet instead of 40,000 in the original order.

That the first term of the said lease expired on the 28th of February, 1922, and under authority of an Order in Council of the 23rd of October, 1929, P.C. 2145, an agreement (No. 14332 A), dated the 24th of October, 1929, has been entered into with The Montreal Cotton Company, renewing the lease for a second term of 21 years, as from the 1st March, 1922, at a rental of \$8,175 a year, which consists of the sum of \$675 for the land, and \$7,500 for the water, which latter amount is at the rate of \$3 per horse-power for 2,500 horse-power.

That the Montreal Cotton Company, hereinafter referred to as the Cotton Company, and the Beauharnois Light, Heat & Power Company, hereinafter referred to as the Power Company, have executed an agreement, dated the 26th of October, 1929, hereinafter referred to as the sub-lease, by which the Cotton Company has sublet to the Power Company the land (subject to certain reservations therefrom), together with the water power rights, covered by the said lease No. 14332, as renewed, under which agreement the Power Company covenants to pay rentals and perform all obligations under the said lease No. 14332, and a joint application has been received from the two companies for the consent and approval of the Crown to such sub-lease, to be given in such form and subject to such provisions regarding indemnification of the Crown and to such other conditions as may be considered necessary. This application contains statements to the following effect:—

The head at which the Cotton Company can use the water covered by lease No. 14332 at the canal works now provided is limited to about 10 feet. The same water could easily be used through the Power Company's proposed power plant at the full available head between the two lakes—a head, that is to say, of about 80 feet.

It is apparent that the sound economic solution of this situation would be to use this water in the Power Company's power plant to make available a much greater quantity of power, and then, after meeting the Cotton Company's power needs therefrom, to distribute the rest for other industrial purposes throughout the district. To this end the Cotton Company and the Power Company has sub-executed an agreement by which the Cotton Company has sublet to the

Power Company its water position under lease No. 14332, with the intention that the water be used as above explained, all subject to the consent of the Crown.

The Sub-Lease, above mentioned, expressly provides that, subject to the consent of the Dominion, it is the intention of the parties that the use of the water covered by the Cotton Company's lease instead of being exercised at the Cotton Company's plants at Valleyfield as at present, may be exercised by the Power Company, for the purpose of generating power for distribution and sale, through its proposed Power Canal Works and plants to be constructed in the County of Beauharnois between Lake St. Francis and Lake St. Louis.

The Minister, on the advice of the Chief Engineer of the Department, concurred in by the Deputy Minister, recommends that authority be given for entry into an agreement with the Montreal Cotton Company, of the first part; Beauharnois Light Heat and Power Company, of the second part; and His Majesty the King, represented therein by the Minister of Railways and Canals of Canada, of the third part, giving consent to an approving of the terms of the above mentioned Sub-Lease from the Cotton Company to the Power Company, in so far only as such terms are within the provisions of the said lease No. 14332, as renewed, and upon the distinct understanding that by such consent and approval His Majesty shall not be deemed to have waived compliance and observance on the part of the Cotton Company, its successors and assigns, of any of the covenants, provisoes, conditions and reservations in said lease No. 14332, as renewed, to be complied with, observed and performed and so on.

Mr. JACOBS: That agreement with the Cotton Company was renewable from time to time, was it?

Mr. WHITE: It was recommended that authority be given for entering into an agreement with the Montreal Cotton Company—at least that is what is recited here.

Mr. JACOBS: That is the old Beauharnois Canal.

Mr. WHITE: The old canal—I assume it is—I have no personal knowledge of it, I am told that.

Mr. JACOBS: It takes its place upon the north side of the river.

Mr. WHITE: I believe so.

The CHAIRMAN: The lease of the Montreal Cotton Company was a lease from the Crown, and the representatives of the Dominion—

Mr. WHITE: Yes.

The CHAIRMAN: I presume the Beauharnois Company gathered that one, and probably there will follow some others, in order to complete their control over the whole system from Lake St. Francis down to Lake St. Louis.

Mr. WHITE: I rather gather, Mr. Chairman, that there was not a question of control so much as the obtaining of the right, if such it is, to withdraw an additional amount from Lake St. Francis, an additional number of cubic second feet of water.

The CHAIRMAN: Perhaps I should not interject at this time, but if you are seized of the fact, when the present works are completed, these power dams, like the one of the Montreal Cotton Company, will disappear, as I understand it.

Mr. WHITE: Oh, yes. In fact, the agreement provides that. Then, Order in Council 2202, exhibit eight, is dated the same day as the last one and refers to another sub-lease of the Montreal Cotton Company and the file, attached to

the order in council—rather the original Order in Council granting to the Montreal Cotton Company certain leases for 21 years, renewable forever, at an annual rental of \$600. It was given by the Dominion, Lord Aberdeen on December 28, 1894. There is also attached a memorandum between Her Majesty Queen Victoria, dated 1894, and the Montreal Cotton Company reciting a lease of December 21, 1861, from Her Majesty represented by the Hon. Joseph Cauchon, acting in his capacity as Commissioner of Public Works of the Province of Canada, and Mr. Pierre Poulin, residing in the parish of Ste. Cecile in the County and District of Beauharnois, Canada East, Miller, Lessee, of the second part, Her Majesty, represented by the said Commissioner, did grant, demise and lease unto the said Pierre Poulin, his heirs, executors, administrators and assigns ALL THAT certain lot of ground being part of the property belonging to one of the Public Works of the said Province, commonly called the Beauharnois Canal, and containing by admeasurement one hundred and seven thousand four hundred square feet, English measure, be the same more or less, and otherwise known and described as follows: There follows a minute description of the parcel of land. This is the important part, in so far as this inquiry is concerned. "Together with the use and enjoyment of so much of the surplus water drawn from above the dam situated at the head of the said Beauharnois Canal as shall be sufficient to drive and propel by means of the most improved descriptions of wheel twelve runs of ordinary mill stones, equal to a power of six runs of stones for each hydraulic lot, each run of stones being rated as a power of ten forces or any other description of machinery requiring an equal, but not greater amount of power to be applied and used by the said Lessee, his Heirs, Executors, Administrators or Assigns for the working of a grist mill or of such other mill or machinery as might be approved of by the said party thereto of the first part."

Mr. MACKENZIE: These rights, first of all, were given to Beauharnois by the province of Canada?

Mr. WHITE: Yes.

Mr. MACKENZIE: And then renewed by the Dominion of Canada in 1894?

Mr. WHITE: Yes. Then, there is attached to it a general form of lease dated 15th day of December, 1890, as approved, general terms and conditions for the leasing of water powers, which have been adopted by the department as a general clause.

The CHAIRMAN: Are there any reservations in the original lease, to which you have just referred, on behalf of the Crown, that would give it any rights as to cancellation or taking over of the water power in the event of the Crown requiring it?

Mr. WHITE: This document, I should have said, recites several leases. I was not quite correct when I said 1894. It was renewed several times. I will just look at the conditions. This lease is from the 1st of July, 1894, at a yearly rental of \$600 payable in half yearly instalments. There is a provision for renewal.

It is hereby expressly agreed by and between the said parties to these presents that on the expiration of the said term of twenty-one years from the first day of July A.D. 1894, the period for which the said lease is granted, and provided all the covenants herein contained on the part of the lessees are duly kept and performed Her Majesty, her successors or assigns, shall at the request of the lessees, execute a renewal lease of the said lots of ground and flow of surplus water and other premises hereinbefore demised to the said lessees, their successors or assigns for the further term of twenty-one years at the same rent, and with and subject to the reservations expressed in the twenty-fourth

article of the general terms and conditions hereto attached including this agreement for renewal, as are herein expressed and contained, and the said lease shall be renewable forever at the expiration of every twenty-one years at the same rent and with and subject to the same reservations as expressed in said article twenty-four, including this agreement for renewal as herein expressed and contained, and every such renewal shall be deemed a continuation of this present demise.

It is to be distinctly understood that the Crown does not bind itself to maintain or keep in repair at all times to come or to reconstruct the Government Dam at Valleyfield or the Beauharnois Canal and the works connected therewith; and that in the event of said Dam and Canal being hereafter abandoned at any time, the Lessees shall have no claim for compensation whatever, but will then be allowed to have, hold and maintain the said Dam at their own risks and expense without compensation.

The said Lessees shall bear the expense that may be incurred in building—

The CHAIRMAN: The picture, apparently completely changed.

Mr. WHITE: There is a sting in the tail of it.

—the Head-race necessary to convey the said surplus water from Lake Saint Francis required for the working of the said Textile mills, from deep water in Lake Saint Francis above the Dam to the line of the property hereby leased and through the same; and may purchase from the Lessees or owners of lot number One the additional ground required to make the Head-race one hundred and fifty feet wide throughout; and shall build the same in the manner, direction and place, and according to plans first approved of by the said Minister or his successors in office, and to his or their satisfaction.

That the quantity and extent of the water to be used at any time shall be subject to the approval of the said Minister of Railways and Canals or his successors in office.

I do not suppose it could be reduced to one quart.

Now, section 24 of the printed conditions, article 24, is as follows: —there is an amendment in writing.

As to leases granted under the present provisions, the Lessor shall also have and hereby reserves the right to modify any of such provisions in any subsequent lease granting a renewal thereof, (1) excepting the provisions relating to the amount of the rent to be paid, which is to remain the same—" from the word "excepting" to the word "same" is in writing on the margin. "But without affecting, however, the mutual rights and obligations of the parties thereto in respect of the amount of water power leased and of the right of the Lessee to use the same for the purposes originally contemplated. Provided, also, that the Lessee shall not be entitled to any such renewal lease or further term of the land, water power or premises, as provided in Article 18 of these presents, unless the rents reserved in the then existing lease have been punctually paid and all the conditions therein set forth to be fulfilled by the Lessee have been duly fulfilled.

Article 18 is: "The annual rental shall be payable invariably in advance, in half yearly instalments, to become due on the 1st day of January and the first day of July in each year, and in case the Lessee do not make such payment of rent within three months after the same has become due and payable, whether such rent has been demanded or

not, the lessor shall have the right (without waiver or prejudice to any rights and remedies he may legally have for the recovery of such rental) to enter on the premises of the lessee and to shut and cut off the supply of water, and to keep the same so shut off until payment of the arrears of rent, with interest thereon, has been made; and if at any time the rent, or any part thereof, remain due and unpaid for the term of twelve calendar months after the same has become due, the lessor, without protest, process or suit at law, shall have the right to terminate the lease; and all right of the lessee to draw or use water under the same shall be terminated, and should the lessee fail to remove his buildings and property at the expiration of such term of twelve calendar months, the lessor may cause the same to be removed at the risk and cost of the lessee, without any compensation whatsoever; and the lessor shall be at liberty to re-let the mill site and water power, as if the same had not been leased.

Mr. MACKENZIE: In your opinion could this last clause come within the question of jurisdiction as between the province and the Dominion, with regard to power?

Mr. WHITE: No, I think not, not as between the province and the dominion, no. The view which I take, of course, is only my individual view. Then, there is the further order in council, number P.C. 1566, dated July 8th, 1915.

The CHAIRMAN: It is attached to exhibit No. 8?

Mr. WHITE: Yes, dated July 8th, 1915, and it recites the report of June 30th, 1915, to the Minister of Railways and Canals,

representing that, under date the 8th January, 1895, a lease was granted to the Montreal Cotton Company of Beauharnois Canal reserve lands on Grande Ile, together with surplus water. This lease was in consolidation and supercession of certain leases of lands and water power previously enjoyed by the company which previous leases they thereby surrendered. The new lease, for a period of twenty-one years, dated from the 1st July, 1894; the annual rental was fixed at \$600, payable half-yearly, not in advance; it was renewable forever "at the request of the Lessees," in like terms of twenty-one years at the same rental; such renewals, however, are subject to conditions expressed in Articles 23 and 24 of the general terms and conditions in respect of the leasing of water powers approved by the order in council of the 18th December, 1890, attached to and forming part of the said lease. These Articles read as follows:—

Article 23—Before granting a renewal of lease to any party, under the provisions herein contained, the lessor shall have and hereby reserves the right to alter, modify, enlarge or expunge any of the said provisions, or any part thereof, or to substitute other terms or conditions for the same, whenever any such modifications, additions, substitutions or changes may, in his opinion, be expedient.

And, then, Article 24, which I read a moment ago. Continuing:—

That the lands covered by the said lease comprised 9 acres, 3 roods, 29 perches and 105 feet; also a certain irregular lot in the Town of Valleyfield on the Grande Ile, 2 acres, 3 roods; also a strip along the shore of Valleyfield Bay, including a drain; also a drainage reserve system, together with the mills and buildings erected upon the said lands, also together with the use and enjoyment "for the purposes of the lessees" Textile Mills of all the surplus water not needed for navigation in the Canal, Lake St. Francis, or the River St. Lawrence, as can pass through a certain headrace 150 feet wide admitting 10 feet of water and no more as may be available from the St. Lawrence River taken from the north end of the dam which connects Grand Ile with the main land at Valley-

field, excepting certain water to which other leases were or might be entitled. The lease expressly stated that renewal of it should be executed "provided all covenants herein contained on the part of the lessees are duly kept and performed."

The term of the said lease will expire on the 1st of July, 1915, and application was made by the Company on the 23rd of October, 1914, for a renewal thereof. Rental has been paid up to the 31st December, 1914.

That, as preliminary to such renewal, information has been obtained from the Superintending Engineer as to the observance by the Company of the conditions of their lease, and from his report it appears that the Company are not using the power developed by them solely for the purposes of their Textile Mills, but are selling a certain quantity to industries, etc., in no way connected with their own; further, that the present headrace is 10 feet wider at its narrowest point than is permitted by their lease, being 160 feet wide in place of 150. He observes that it is very desirable, for the sake of local industries, that the Company be allowed to supply them with power, as there is at present no other source from which these industries can procure it.

The Minister recommends that authority be given for the renewal of the said lease for a further term of twenty-one years, dating from the 1st July, 1915, such renewal lease to be at the same rental, \$600 a year, and on the same terms and conditions as those of the present lease, except that (it being considered desirable that the quantity of water that may be taken should be more definitely defined than it is in the present lease) the quantity of water to be taken at any time is to be limited to 10,000 cubic feet per second—

So, at least, we have got to that. So that we have 10,000 feet here, and 2,500 in the other.

—and that the lessees be permitted, out of the power derivable from the said quantity of water, to dispose, to industries other than their own, of power to the extent only, of 200 horse-powers; further, that the restriction of the present lease limiting the width of the headrace to 150 feet be modified so as to admit of the maintenance of the headrace at its present width of 160 feet.

I do not know who the Prime Minister is, his first name is Arthur—it looks like White:

Mr. JACOBS: He was the Acting Prime Minister.

Mr. WHITE: Then follows P.C. 2202, which is the approval of the assignment of that lease from the Montreal Cotton to the Beauharnois Light, Heat and Power. Then, 2203. It is dated the 6th November, 1929, and is an approval of a sub-lease. I shall try to shorten this one, if I can.

The CHAIRMAN: 2203?

Mr. WHITE: Yes.

The Committee of the Privy Council have had before them a report, dated 29th October, 1929, from the Minister of Railways and Canals, representing that, under authority of an Order in Council of the 24th of July, 1900 (P.C. 1710), a lease (No. 13978), dated the 29th of September, 1900, was granted to the Beaubien Produce and Milling Company, Limited, of two parcels of Beauharnois Canal reserve land, one, 28,000 square feet in extent, being Hydraulic Lot No. 1, designated as Lot No. 831 on the official plan of the Town of Salaberry de Valleyfield, P.Q., and the other, 11,700 square feet in extent, being Building Lot No. 1, designated on the said official plan as No. 835:

Together with the use and enjoyment of so much of the surplus water drawn from above the dam situated at the head of the said Beauharnois Canal, as shall be sufficient to drive and propel by means of the most approved description of Wheel six runs of ordinary Mill stones for said Hydraulic Lot No. 1, each run of stones being rated at a power of ten horses—

Mr. JACOBS: Are they talking in these terms in 1929?

Mr. WHITE: This is a recital from the old lease.

—or any other description of machinery requiring an equal but not greater amount of power, to be applied and used by the said Lessee for the working of a Grist Mill or of such other Mill or Machinery as may be approved by the Lessor.

The lease was granted for a term of 21 years from the 1st of August, 1900, at the yearly rental of \$120, renewable, on the same terms and conditions, except as to rental, in 21-year terms forever.

The renewal here is an exception, different from the other.

That, by an Assignment (No. 14222), dated the 30th April, 1901, the Beaubien Produce and Milling Company transferred its lease No. 13978 to The Montreal Cotton Company.

That, under authority of an Order in Council of the 29th of March, 1923 (P.C. 496), a supplementary agreement, dated the 23rd of February, 1923, was entered into with The Montreal Cotton Company renewing the said lease No. 13978 for a second term of 21 years beginning on the 1st of August, 1921, at a rental for such second term of \$275 a year, being \$35 for the land and \$240 for the water.

That The Montreal Cotton Company, hereinafter referred to as the Cotton Company, and the Beauharnois Light, Heat and Power Company, hereinafter referred to as the Power Company, have executed an agreement, dated the 26th of October, 1929, hereinafter referred to as the Sub-Lease, by which the Cotton Company has sublet to the Power Company Hydraulic Lot No. 1 covered by the said lease No. 13978, as assigned, and renewed (subject to certain reservations therefrom), together with the water-power rights covered by the said lease, under which agreement the Power Company covenants to pay rentals and perform all obligations under the said lease No. 13978, and a joint application has been received from the two companies for the consent and approval of the Crown to such Sub-lease, to be given in such form and subject to such provisions regarding indemnification of the Crown and to such other conditions as may be considered necessary. This application contains statements to the following effect:—

The head at which the Cotton Company can use the water covered by Lease No. 13978 at the canal works now provided is limited to about 10 feet. The same water could easily be used through the Power Company's proposed power plant at the full available head between the two lakes—a head, that is to say, of about 80 feet.

It is apparent that the sound economic solution of this situation would be to use this water in the Power Company's power plant to make available a much greater quantity of power, and then, after meeting the Cotton Company's power needs therefrom, to distribute the rest for other industrial purposes throughout the district. To this end the Cotton Company and the Power Company have executed an agreement by which the Cotton Company has subject to the Power Company its water position under Lease No. 13978, with the intention that the water be used as above explained, all subject to the consent of the Crown.

The Sub-lease, above mentioned, expressly provides that, subject to the consent of the Dominion, it is the intention of the parties that the use of the water covered by the Cotton Company's lease instead of being exercised at the Cotton Company's plants at Valleyfield as at present, may be exercised by the Power Company, for the purpose of generating power for distribution and sale, through its proposed Power Canal Works and plants to be constructed in the county of Beauharnois between lake St. Francis and lake St. Louis.

The Minister, on the advice of the Chief Engineer of the Department, concurred in by the Deputy Minister of Railways and Canals, recommends that authority be given for entry into an agreement with The Montreal Cotton Company, of the first part; Beauharnois Light, Heat and Power Company, of the second part; and His Majesty the King, represented therein by the Minister of Railways and Canals of Canada, of the third part, giving consent to and approving of the terms of the above mentioned sub-lease from the Cotton Company to the Power Company, insofar only as such terms are within the provisions of the said Lease No. 13978, as renewed, and upon the distinct understanding that by such consent and approval His Majesty shall not be deemed to have waived compliance and observance on the part of the Cotton Company, its successors and assigns, of any of the covenants, provisoes, conditions and reservations in said Lease No. 13978, as renewed, to be complied with, observed and performed on its or either of their parts, except such covenants, provisoes, conditions and reservations as in and under the terms of the proposed agreement otherwise provided; the proposed agreement to contain such other conditions as, in the public interest, may be deemed advisable, including, amongst others, in effect, the following:—

The CHAIRMAN: Is that the lease that provides for the 2,500 horse-power?

Mr. WHITE: No, the earlier one, the one referred to in 2201, 2,500 cubic feet.

The CHAIRMAN: 2,500 cubic feet, I mean.

Mr. WHITE: I am trying to get at the cubic feet here.

Mr. MACKENZIE: I understood 72 cubic feet.

Mr. WHITE: At what head?

Mr. MACKENZIE: The ten foot head.

Mr. WHITE: That is in accord with my memory of it. My information was we had a total of—

Sir EUGÈNE Fiset: 12,572 second feet.

Mr. WHITE: 1,001, 2,500, in the other—

Mr. MONTGOMERY: That is equivalent to 2,500 horse-power—

Mr. WHITE: 2,500 horse-power?

Mr. MONTGOMERY: Yes.

Mr. WHITE: Yes. The total extent not exceeding 2,500 horse-power, and Mr. Montgomery makes the statement, which I have no doubt is correct, that it is equivalent to 3,000 cubic feet a second at that point.

Mr. MONTGOMERY: At that head.

Mr. WHITE: At that point, in other words, at that head. That makes a total of 13,072 cubic feet per second. So that that would be added to the 40,000, making a total of 53,072 feet. That is Exhibit No. 9, Mr. Chairman.

By Mr. White:

Q. Now, Mr. Lemaire, are there any other orders in council affecting water power on the St. Lawrence river between Lake St. Francis and Lake St. Louis.—

A. I do not know, sir. I have brought you the orders in council that relate to the Beauharnois Power.

Q. Are there any other orders in council relating to the Beauharnois Power, as you put it.—A. Not besides those I have got.

Q. So that we may take it that P.C. 2203 is the last order in council passed relating to this project.—A. Yes, sir.

Q. Now, are there any earlier orders in council than the ones you produce.—A. You saw one of the leases, that one back of pre-confederation days.

Q. You produced that.—A. No, not before confederation.

The CHAIRMAN: It refers in its recital to a lease that was entered into in 1864.

By Mr. White:

Q. Have you not an order in council relating to this matter dated 1909.—A. It is not among those that I brought up here, sir.

Q. Will you look and see, because I understand there is an order in council following the suit in the Exchequer Court between the Robert Heirs and the Crown in 1909.—A. I did not look up anything about the Robert end of it.

Q. I think you will find one.—A. Very likely, sir.

Q. And I will be very glad if you will let us have it at your convenience.—A. You think it was about 1909.

Q. 1909, yes. Then that will do, Mr. Lemaire.

To go on with 422. I was reciting from page 2 of the copy which I have. There is this statement:—

The main provisions of the lease are as follows:—

1. The present Emphyteutic Lease is granted for a period of seventy-five (75) years to be computed from the 23rd June, 1928, and to end on the 23rd June, 2003.

2. The Lessee shall pay to the lessor an annual rental of \$20,000 for the first five years, and of \$50,000 for each of the subsequent years until the expiration of the term. Said rental shall be due and payable in advance on or before the 23rd June of each year, the first payment becoming due and payable at the date of the signature of the present lease for the current year.

3. The lessee shall pay to the lessor, over and above the annual rental hereinabove stipulated, an annual supplementary charge or royalty of one dollar (\$1.00) for each horse-power-year (HP year), such power to be measured at the meters or wattmeters of the generating station. The horse power will be equivalent to 6534.96 k.w.h.

8. The lessee shall install at its plant hydraulic motors having the following capacity:

(a) At the expiration of the first five years following the signature of the contract, provided the plans be approved by the competent authorities within a year, and at the expiration of the first four years from the date of such approbation if it is given after a year has elapsed: 100,000 h.p.

(b) At the expiration of the sixth year: 200,000 h.p.

(c) At the expiration of the seventh year: 300,000 h.p.

(d) At the expiration of the tenth year: 500,000 h.p.

The first instalment of the annual supplementary charge (clause 3) will become due and payable six months after the production of each of such powers and after their respective development.

12. This lease is granted without prejudice to the rights of third parties nor to Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs.

Furthermore, before beginning any work on the premises hereby demised, the lessee shall, according to the provisions of chapter 46 of the Revised Statutes of Quebec, 1925, and to those of the present clause, submit to the lessor for his approbation, copies of all plans including elevations, profiles, sections or all other like drawings, showing and describing the projected mills, dams, power-houses, wharves, piers and other buildings, and similarly, as well as of modifications and improvements thereof during the lease, and taking care to give full particulars with regard to the capacity of works and machinery and its production, together with all information that the lessor may deem useful or necessary. Moreover, the lessee shall supply and furnish the lessor with copies of all data it may already have, or that it may obtain in the future concerning the flow and levels of the river.

No work in the bed of the St. Lawrence river intended for maintaining as they now are either the level of Lake St. Francis, or of the flow of the river St. Lawrence between Lake St. Francis and Lake St. Louis, or the authorized flow of the hydro-electric plants established between Lake St. Francis and Lake St. Louis may be executed before it has been proven, to the satisfaction of the Minister of Lands and Forests, that the plans and specifications and a memorandum of these works and of their mode of operation have been approved by the Federal Government and before the said plans, specifications and memoranda have been approved by the Lieutenant Governor in Council of the Province of Quebec in conformity with section 11, chapter 46 of the Revised Statutes of the Province of Quebec, 1925. Such approvals shall have been obtained before July 1, 1939. In case of new concessions of hydraulic power being made between Lake St. Francis and Lake St. Louis, the lessee may permit the new concessionnaire to use, modify or replace the works provided compensation is made.

13. The present concession is granted with the understanding that the lessee, who is presently negotiating with the Federal Government, shall obtain from the latter, in so far as its rights are concerned, the authorization to divert a flow of 40,000 cubic feet of water per second.

I call your very special attention to this clause:

In case the approbation required from the Federal Government be not obtained within twelve months from the signature of the present lease, said lease may be cancelled by the Lieutenant Governor in Council and the lessee shall not be entitled to any compensation or indemnity from the Provincial Government. However, his deposit shall then be returned to him.

16. Unless dispensed with by competent authority, the lessee shall erect and maintain at all times and seasons durable and efficient fishways.

17. The lessee shall provide the dam, according to needs, with convenient log-slides or gates and erect, if necessary, guiding piers and booms above the dam to bring the logs to the gates or the log-slides.

That is the end of the recital of the terms of the lease from the province of Quebec. And then I am reading from the report of the Minister of Public Works to the council:

That the Beauharnois Light, Heat and Power Company has asked for the approval of its proposed development and in connection therewith made application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

The CHAIRMAN: Have you before you the section to which reference is made here?

Mr. WHITE: Yes, I have.

The CHAIRMAN: That will come later.

Mr. WHITE: I intend to put it in as part of the departmental file. In fact, I think we have that in separate form. I think someone supplies us with a copy of the application.

The CHAIRMAN: Well, it will probably come in later on.

Mr. WHITE: I think we have a copy of that, Mr. Chairman.

The CHAIRMAN: We will get it later on.

Mr. WHITE: (Continues reading):

and, pursuant to the provisions of section 7, chapter 140, Revised Statutes of Canada, 1927, the Navigable Waters Protection Act—the Company has applied for the approval of the plans and site of works proposed to be constructed in the St. Lawrence River with respect to the diversion of the flow of water mentioned above (Plans of the works consisting of 12 sheets and descriptions and plans of the site thereof, in booklet form, annexed);

That the Company in depositing its application submitted the basis of an argument with the Dominion Government as follows:—

(a) When making its initial installation, the Company will construct its power canal to such plans and specifications, and will operate its power development in such a manner that the canal when completed will conform to the navigation standards as set out in paragraph 111 of the main report and paragraph 13 of Appendix C of the report made by the International Joint Board of Engineers, 1926-27.

(b) The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately sixteen million dollars (\$16,000,000) and will be paid by the Company. The Company will also install such remedial works as may be necessary to avoid injury to existing power developments and will maintain the level of Lake St. Francis at such elevation as may be required for navigation.

(c) At any time that the Government may demand, and after three years' notice, the Company undertakes to install in connection with its power canal, such locks and other necessary works as may be required to make the power canal available for through navigation for vessels of a size and draught as large as any vessels which will be able to use the new Welland Canal upon its completion,

By the way, that should be the new Welland Shipping Canal. I am afraid somebody has slipped up there. There is the old Welland Canal, the new Welland Canal and the Welland Shipping Canal.

The CHAIRMAN: Probably the canal to which reference is made could be determined by figuring out what size of ship could be carried through on 53,000 cubic feet per second.

Mr. WHITE: It would depend on the rate of flow: provided,—

i. That concurrently with the installation of such locks the Company shall have the right to enlarge its canal and to divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for flotage through the existing Soulanges Canal, and with the exception of that quantity of water to the user of which existing power plants are now legally entitled.

And I call the attention of the committee to the interpretation which those two clauses involve and, subject to what my learned friends may say about it, it seems to me that before the government can use this power canal for water purposes they must give the company the right to use all of the water of the St. Lawrence river.

Mr. JACOBS: You say "use the water," that is, until it reaches Lake St. Louis.

Mr. WHITE: -No.

At any time that the government may demand, and after three years' notice the company undertakes to install in connection with its power canal, such locks and other necessary works as may be provided to make the power canal available for through navigation for vessels of a size and draught as large as any vessels which will be able to use the new Welland Canal upon its completion, provided—

1. That concurrently with the installation of such locks the company shall have the right to enlarge its canal and to divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for floatage through the existing Soulanges Canal, and with the exception of that quantity of water to the user of which existing power plants are now legally entitled.

Mr. JACOBS: Well, they would have to float them down. They must get water somewhere.

Mr. WHITE: Quite so. But part of this scheme, as I understand it, which might be interesting from the public standpoint, was that it provided at somewhat less expense, perhaps a greatly lessened expense to the Dominion, a navigation canal between the two lakes. And all I am pointing out now is, that before the government can require the company to allow them to use this canal for navigation purposes it must allow the company to enlarge its canal so as to take in the whole flow of the St. Lawrence.

Mr. TILLEY: Mr. White, you are now reading from the terms of the application?

Mr. WHITE: Exactly.

Sir EUGENE Fiset: That is the first application, that is not the agreement.

Mr. WHITE: (Continues reading):—

ii. That the cost of such locks and other improvements to be borne by the Company shall not exceed Eighteen Million Dollars (\$18,000,000).

iii. That in any event the Company shall not be obliged to install such locks and other works above referred to until such time as will enable the Company to complete such installation concurrently with the final completion of the remainder of the St. Lawrence deep waterway.

(d) Should the Company desire to enlarge its canal and increase the flow of water through it prior to the time at which the Government shall notify it to install the locks above referred to the Company shall have the right to enlarge its canal and divert through it and utilize for the development of power all the flow of the St. Lawrence River between Lake St. Francis and Lake St. Louis with the exception of water required for floatage through the existing Soulanges Canal and with the exception of that quantity of water to the user of which existing power plants are now legally entitled, if at the same time it either constructs the locks above referred to, or alternately, at the option of the Government, deposits with the Government suitable guarantees to ensure the installation of the locks when they are required.

(e) The Company is prepared to make such agreements as may be necessary for the purpose of ensuring that after the completion of the locks above referred to the Dominion of Canada will be entitled to the use without charge to it of the canal and other works for navigation purposes.

That protests were filed with the Department in connection with the application of the Beauharnois Light, Heat and Power Company, as follows:—

1. Canada Steamship Lines, Limited.
2. Canadian Light & Power Company.
3. Cedars Rapids Manufacturing Company.
4. Dominion Marine Association.
5. Great Lakes & Atlantic Canal Power Co., Ltd., jointly with Transportation & Power Company, Limited.
6. Montreal Light, Heat & Power Consolidated.
7. The Shipping Federation of Canada.
8. The Soulanges Power Company.
9. Miss Albina Bisson.

The CHAIRMAN: Is the Transportation and Power Company Limited the same company that has recently been in litigation.

Mr. WHITE: Mr. Montgomery might be able to tell you.

Mr. MONTGOMERY: More recently with Mr. Singer.

Mr. WHITE: (continues reading):—

That a hearing was held in the office of the Minister of Public Works on January 15, 1929, at which the various protestants were allowed to submit their representations against the project from the point of view of navigation;

That at the hearing the Company amended its application in the following manner:—

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government, involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration.

And that last part becomes important.

The CHAIRMAN: Now, does that amendment of the application set out just what you have read on page 6 in quotation marks? Does that comprehend what was approved of in the order in council finally?

Mr. WHITE: Well hardly, because what really was approved of—and when we come to consider the legal opinion of the Department of Justice in this connection, it will appear that under the Navigable Waters Protection Act what the Governor in Council has the right to do is to approve of plans and sites or works having regard to whether in the opinion of the Governor in Council they interfere or not with navigation, and with the question of whether the Dominion has the right, or whether the Governor General in Council has the right in the absence of express authority from parliament to grant or to consent to the withdrawal, or rather to grant the right to withdrawal, or to consent to the withdrawal of

water from a navigable river; it is a moot question, and the opinion being expressed as I remember it—and I am only speaking from memory—that it being incidental to the main question as to whether the plans should be approved, that is, the plans of those particular structures which are in the St. Lawrence River, and, therefore, which may or may not interfere with navigation; that the withdrawal of the water being mere incidental and not the main object of the application, and that the approval of the plan involving the withdrawal of that amount of water, the Governor in Council had the authority under the Navigable Waters Protection Act to authorize the withdrawal in that indirect way.

Mr. JACOBS: Did not the Department of Justice advise.

Mr. WHITE: Yes. I will submit the opinion later on for the consideration of the committee; but the question having been raised now I thought perhaps I might simply say what the opinion was, as I recollect it—and I think I have stated it fairly correct—and when the proper time comes perhaps my learned colleague, Mr. Morin, and myself, may have something to say to the committee in respect to that phase of this enquiry.

The CHAIRMAN: I am afraid there are too many lawyers here to agree on that point.

Mr. WHITE: Are you referring to the council or the committee, Mr. Chairman.

The CHAIRMAN: Both.

Mr. WHITE: The order in council further provides:

That in view of the combination of the two questions of power and navigation, it was deemed advisable to refer to the Supreme Court of Canada, a series of questions to the end of determining the respective rights of the Dominion and Provincial Governments in the development of power. The Supreme Court has recently submitted the result of its consideration of the various questions asked. The conclusions of the Court do not furnish sufficient ground to establish a well defined line of action with respect to power but as the question of fully protecting navigation is the dominant issue so far as the Dominion Government is concerned, it is found that favourable consideration may be given to the proposal of the Beauharnois Light, Heat and Power Company, which, with certain modifications, may be utilized for the requirements of navigation in that stretch of the river.

That a committee of Engineers composed of K. M. Cameron, Chief Engineer, Department of Public Works, Duncan W. McLachlan, of the Department of Railways and Canals, who was Chairman of the Canadian section of the Joint Board of Engineers, L. E. Cote, Chief Engineer, Department of Marine, and J. T. Johnston, Director of the Dominion Water Power and Reclamation Service, Department of the Interior, have made a careful study of the project, together with the objections made by the protestants of the hearing of January 15, 1929:

That the report of the Committee of Engineers deals with the four divisions to which the inquiry was addressed:—

- (a) The effect of works on existing canal and river navigation.
- (b) The effect of work on present power development.
- (c) The effect of works on future navigation.
- (d) The effect of works on future power development.

(a) With regard to the effect of works on existing canal navigation, the Committee finds that the regulating works proposed by the Company in the Coteau rapids combined with the 40,000 cubic feet per second diversion do not provide adequate regulation, according to the plans filed. An extension of these works would permit them, when satisfactorily operated, to protect existing navigation and the levels of Montreal Harbour.

Just there, as to the question of protection of Montreal Harbour, there may be something later on which will be of some importance in that connection.

The Committee finds that so long as the flow through the Soulanges section is prevented from varying, there will be no adverse effect on navigation below, but if a variation in flow in the future is permitted it will necessitate a regulating dam about at the foot of lake St. Louis and, under such circumstances, all interests developing power in the Soulanges section should be assessed for the construction of such a work.

With respect to the effect of works on rivers or rapids navigation, the Committee finds that the diversion of 40,000 cubic feet per second will adversely affect navigation in the Soulanges section and that the works proposed by the Company for rectification purposes in this section are not satisfactory.

You will observe also in that respect, the work was not approved by the committee of engineers.

The Committee finds, however, that with modifications therein, there is a reasonable likelihood of the present condition being largely recovered. It is pointed out by the Committee that these works are largely experimental, are relatively costly, and, in view of the possibility of the balance of power being developed in a short time, the expenditure involved is likely to be lost before many years.

In respect to ice conditions and navigation, the Committee does not find any reason to believe that there will be an increase in quantity of ice formed which would advance the date of closing of navigation in the river, or delay the date of opening of navigation, and has been unable to see from the point of view of navigation that it will be adversely affected on that account.

I understand, in respect to that question, as to whether the manner in which the canal has been built, may adversely affect navigation, there has developed, and there may be some difference of opinion expressed here in respect to it.

If remedial works for preserving 14 foot navigation are operated as intended, the water levels at the head of Lake St. Francis, where the International boundary leaves the St. Lawrence river, will not be affected.

That is, a 14 foot level in the existing St. Lawrence canal, I assume. I take it that is what is referred to in this paragraph.

(b) The 40,000 cubic feet per second diversion might be authorized without adversely affecting the present power developments for which the Federal Government is responsible, *i.e.*, The Canadian Light, Heat and Power Company; the Provincial Light and Power Company and The Montreal Cottons Company.

There would be some adverse effect upon the plant of the Cedars Rapids Manufacturing and Power Company, which derives its basic rights from the Provincial Government. The Committee considers the protection of the company's rights as primarily the responsibility of the provincial government.

(c) The effect of works on future navigation—

A summary of the schemes for deep water navigation is:

(a) Works necessary for navigation as a river development prior to the installation of power, estimated at \$79,780,000.

(b) Lateral canal for navigation alone on the north side, estimated at \$41,633,000.

- (c) Lateral canal for navigation alone on the south side, estimated at \$38,565,000.
- (d) To add to a previously constructed power development in the river the works necessary to allow deep water navigation between Lake St. Francis and Lake St. Louis, estimated at \$31,769,000.

These various schemes will be spoken of, I expect, in more detail and we shall be able to appreciate completely what they refer to here.

The CHAIRMAN: Are these sums of money referred to on page 4 (b), "Capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately \$16,000,000," properly charged to navigation in this account?

Mr. WHITE: I think not, Mr. Gordon, I probably think that amount is included in one or other of these estimates.

Sir EUGENE Fiset: I think that is only a valuation, that the company will—

Mr. WHITE: It refers to the amount it will cost the government to install a lock and other works. It has been somewhat increased since. That \$16,000,000 I think, is a part of the expenditure the government is required to make upon the lot. That is, as I understand it at present.

Sir EUGENE Fiset: I understand that \$16,000,000 is simply a valuation providing these works.

Mr. WHITE: You have to read (a):—

When making its initial installation, the company will construct its power canal to such plans and specifications, and will operate its power development in such a manner that the canal when completed will conform to the navigation standards as set out in paragraph 111 of the main report and paragraph 13 of Appendix C of the report made by the International Joint Board of Engineers, 1926-27.

(b) The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately sixteen million dollars (\$16,000,000) and will be paid by the Company.

Evidently the Joint Committee have figured \$16,000,000 as the proper sum to contribute to a joint project.

Sir EUGENE Fiset: The proper sum to assess the company for such a project.

Mr. WHITE: Charged on navigation.

Sir EUGENE Fiset: That is the value they assess.

The CHAIRMAN: In looking it over it would seem to me that at one time the joint board assessed the cost of the navigation part of the works at \$16,000,000 and after the protests came in the same board, or a sub-committee of the board composed of those engineers assessed the cost at a very much larger figure.

Sir EUGENE Fiset: Yes.

The CHAIRMAN: There may be no relationship at all.

Sir EUGENE Fiset: Simply an assessment.

Mr. WHITE: My reading of this, Mr. Chairman, was that the company was expending a sum of money, which, had the government to expend it, would have cost the country \$16,000,000. That is what it means to me at present.

The CHAIRMAN: \$16,000,000 was to be paid by the company.

Mr. WHITE: For work which would aid navigation. That is the meaning, as I read it.

Mr. GARDINER: It is only in the original application.

Mr. WHITE: Yes, quite so.

Mr. GARDINER: Does it apply to the second application—it is applied to the second application.

The CHAIRMAN: It is covered by the same order in council.

Mr. WHITE: Mr. Gardiner points out that it applies only to the original application.

Sir EUGENE Fiset: We all know that.

Mr. JACOBS: Let us continue.

Mr. WHITE: I have finished page 9, and am starting on page 10.

(e) Power canal proposed from Hungry Bay to Melochville, if given a width of 600 feet, depth of 27 feet and suitable velocity and made usable as a navigation canal, can be completed as a through route between Lake St. Francis and Lake St. Louis by the addition of works estimated at \$21,600,000.

Comparing the Hungry Bay-Melochville combined power and navigation canal with the river navigation scheme of the Joint Board, which is the next cheapest and is estimated at \$31,769,000, the Committee find there will probably be five bridges on the south or Hungry Bay route, as against three on the river or north route. There will be two canal entrances on the Hungry Bay-Melochville route, both of which can be entered under excellent conditions as against four canal entrances on the north or river route, all of which are made from river stretches with some cross currents.

On the Hungry Bay-Melochville route there will be two lift locks required; on the north route there will be three locks required.

In so far then as the diversion of 40,000 cubic feet per second from Lake St. Francis via the Hungry Bay-Melochville route is concerned, the conclusion of the committee is that it will not make deep water navigation via that route, or any route developed to date, more costly, or difficult, provided suitable safeguarding regulations are imposed.

(d) The effect of works on future power development—

The Committee states that the diversion of 40,000 cubic feet per second may or may not increase the cost of future power development, depending on whether or not this project stands by itself or becomes part of a co-ordinated project.

In all future projects regulations designed to preserve the opportunity of building deep navigation works on either side of the river ought to be imposed on applicants for the development of power.

The Committee concludes that, having regard to the application under the Navigable Waters Protection Act, now under consideration, the Committee are of the opinion that the site and works proposed in the plans and application filed by the said company, will not impede or interfere with navigation on the St. Lawrence River if the conditions recommended by the Committee which conditions are hereinafter incorporated are met by the Company, and that having consideration to the interests of the country as a whole, the Committee is of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions, the same can be efficiently utilized in connection with, and as part of any feasible and economical scheme for the deep waterway development of the St. Lawrence River.

That the Chief Engineer of the Department of Public Works, together with his assistant engineers, after a careful study of the proposed scheme, has recommended the approval of the application from the stand-

point of navigation, subject to the conditions hereinafter set out, in which recommendation the Deputy Minister of Public Works has concurred:

That the Department of Justice, on examination of the application from the legal point of view, has stated that all the requirements of section 7 of the Navigable Waters Protection Act have been complied with and that the said application may now properly be submitted to the Governor General in Council for approval.

After a careful examination of all the points raised at the hearing held in connection with the application, as amended, the Minister reports that the approval of the plans and site of the proposed works can be recommended, subject to the following regulations and conditions:

It is to be observed, perhaps, that rights to cancel or to take such steps as might possibly be necessary, have not been reserved.

Mr. TILLEY: We cannot hear you very well, Mr. White.

Mr. WHITE: The right to cancel has not been reserved in that clause; it is a general clause, which may or may not have a different meaning.

CONDITIONS

(1) In any question which may arise from the application of this approval the settlement thereof shall be governed by full recognition of the dominant interest of navigation and the necessity of reserving therefor all or any requisite part of the natural flow of the St. Lawrence River.

(2) The works approved, or which may hereafter be approved, or designed, or made, shall at no time raise the natural level of water in the River St. Lawrence above the international boundary, or in any way contravene the terms of the Boundary Waters Treaty of 1909, or the Treaty of Washington of 1871.

By the way, may we have copies of those two treaties, Mr. Chairman?

(3) The works approved, or any modifications therein, which may hereafter be made or approved, shall be operated in conformity with the requirements of navigation on the St. Lawrence River, and the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second.

(4) Notwithstanding the approval herein contained the Minister of Public Works may at any time

(a) order any additions to, improvements, alterations, or changes in substituting for or modifications or removals of works constructed or in course of construction or proposed or required to be constructed by the company pursuant to this approval and,

(b) at any time require the Company to construct and maintain such further or other works as the Minister may consider are required fully to preserve or restore and maintain the navigation on the St. Lawrence river, and may from time to time require the Company to make such changes or modification in the said works or to remove the same or any part thereof, or to substitute other works in their stead, as he may in his judgment consider necessary for such purpose, and

The Company shall comply with, observe and perform all orders and requirements under clauses (a) and (b) hereof.

(5) The Company shall construct and maintain its canal so as to give a clear width of 600 feet on the bottom, a depth of 27 feet at low stage, and so as to afford average velocities of not more than 2.25 feet per second under any conditions of operation.

The radius of curvature shall not be less than 5,000 feet and one embankment shall form a prism on the north side of the canal. The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of the International Joint Board of Engineers report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

By the way, before we leave the question of width and depth, you will remember that I referred to the width of the canal on one of the plans, and Mr. Montgomery agreed what it should be. What was it on that plan, 4,000 feet or 3,300 feet? My understanding of the way in which the canal has been built, taking a section of it, is that on one side there is a prism formed on the bank, and the bottom of that is 600 feet at a depth of 27 feet, and the other side comes up a certain distance and slants over to the other bank a distance of 2,700 feet. The water is quite shallow. That is the method adopted. In other words, the required depth is 27 feet. I understand it being perhaps an economical problem or an engineering problem combined with the necessary financial adjunct, and it will be considered as to whether that is a compliance in accordance with the plans which were filed when the original orders in council were approved.

The dam and all other works of the Company, upon and along the Canal, including the Canal itself, and the embankments, walls and retaining structures, and the sub-structures for the movable spans mentioned in clause 10, shall at all times be maintained in a proper state of repair by the Company, so that the Canal and every part thereof shall be constantly available for the purposes of navigation throughout the period of the above recited lease or any renewal thereof so far as the dam and works situate upon provincial Crown property are concerned, and for all time so far as works situate upon the property of the Company are concerned. For the purposes of these conditions, "navigation" means local navigation throughout the reach of the Canal and through navigation when the locks and appurtenant works mentioned in clause 7 are completed.

(6) Whenever the Governor in Council so declares, the right of public navigation within and along the proposed canal or any portion thereof to the same extent and in manner similar to that provided in the case of the new Welland Ship Canal shall thereafter exist and be recognized by the Company.

(7) Whenever the Governor in Council shall decide to construct locks and appurtenant works to connect Lake St. Louis with the canal reach for navigation purposes, His Majesty shall have the right, by his servants or agents, to enter upon and use any part of the applicants' lands, buildings, property or works which may be required for the purposes of such construction, and for the operation and maintenance of such locks and appurtenant works when completed, and the applicants shall convey to His Majesty the King in the right of the Dominion of Canada, free of all cost or encumbrance, the title to the necessary land sufficient for the site of such locks and appurtenant works, and no claim for any indemnity whatsoever owing to loss or inconvenience to works, operations, installations or distribution of power will be made by the Company arising out of the construction of temporary or permanent works by His Majesty, either at the entry works, along the course of the stream, or at or below the proposed works.

(8) The Company shall provide, maintain, and operate, when required by and to the satisfaction of the Governor in Council, all aids to navigation made necessary by the Company's works, and shall submit to all regulations in respect to the operation of the Company's works as may be promulgated in the interest of navigation.

(9) The Company shall grant to His Majesty sites for all aids to navigation other than those mentioned in the preceding section which may be required for the use and convenience of shipping using the canal and for public wharves, and shall keep and maintain such sites free and unobstructed, and shall give to His Majesty and his agents free and unobstructed access at all times to such sites, and the Company on demand shall provide and deliver free of charge to His Majesty at such point as he may designate adequate and suitable electric power for operating, repairing, lighting and otherwise maintaining the canal and appurtenant works up to but not exceeding 3,500 horse-power maximum demand and in case additional power should be required the Company shall supply same at a rate not to exceed that paid by the customer having the lowest contract price with the Company.

(10) The Company shall provide, operate, maintain and light all bridges over the canal to the satisfaction of the Governor in Council, it being understood that the Company may initially install fixed spans but with substructures sufficient and suitable for carrying movable spans and when in the opinion of the Governor in Council it becomes necessary for navigation, the Company shall at the request of the Minister remove the fixed spans and the Minister may at the cost of His Majesty in the right of the Dominion install movable spans on such substructures.

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

(12) No work in the St. Lawrence River—

The CHAIRMAN: Do you know whether further plans were submitted in the one order, as far as your investigations have gone?

Mr. WHITE: Well, that brings me to a question which has—

The CHAIRMAN: I do not want to argue at the moment, I only want it for my own information, if you have it here.

Mr. WHITE: I cannot answer the question categorically, because my answer would be practically misleading. It is a question whether the plans as attached to the original order in council and submitted with the application of January, 1929—

The CHAIRMAN: Exhibit 1.

Mr. WHITE: Yes. Properly describe the work that was intended to be done, and whether the Governor in Council under this clause that I have just read, that is clause 11, made it an extra condition, shall I say, that the detailed plans should be also approved, in addition to the plans, like when you are going to build a house, an architect will draw your plans and specifications upon which you ask for your bulk tender. Then, when the contract is let, the specifications in the meantime provide that detailed drawings of such things as friezes, doors and windows, and that sort of thing, will be later provided by the architect, If that is what section 11 means, my answer is one thing; if it refers to the actual plans as distinguished from the detailed plans, then my answer must be the other.

The CHAIRMAN: What I had in mind was, that section 11 seems to me to imply a vesting in the Minister of the delegation of authority of the Governor in Council. This, of course, may develop later. I should like to ask this question—

Mr. WHITE: You have to act on the Protection Act. The approved plan was fully exercised when the order in council was passed.

Mr. STEWART: Does it not propose that there will be further plans submitted?

Mr. WHITE: What they call "detailed plans"?

Mr. STEWART: Another section provides that such plans and information shall be submitted within one year.

Mr. WHITE: It says "detailed plans". "The company shall not commence construction of the work until detailed plans of construction—" I am not so sure. I would have to see what the engineer says about that. I can quite conceive it would be open to both constructions. I do not want to make a positive statement until somebody has helped me to make up my mind.

No work in the St. Lawrence river shall be undertaken until a program of construction shall have been submitted and approved by the Minister.

(13) The construction and operation of the works of the company as are now, or as may hereafter be approved, ordered or required, shall be at the sole cost and expense of the company and shall be subject to such further regulations as the Minister may from time to time deem necessary.

So far as my information is concerned, in regard to section 11, it is that the Minister qua minister, has not approved of any of these detailed plans, approval was by the engineer in his department.

The CHAIRMAN: What I had in mind was with reference to 11, 12, 13 and 14, —I have never read these before—they also seem to be a delegation of the power to the Minister by the Governor in Council.

Mr. WHITE: It is a question whether it is a delegation of power or the taking of greater precaution. You can put either construction on it.

The CHAIRMAN: Let me put it this way. If there was any specific variation from the original plan that was approved by the Minister, and never approved by the Governor in Council could that be compliance with what the Navigable Waters Protection Act contemplates?

Mr. WHITE: No, not in my view.

The CHAIRMAN: I just wanted to get that in my mind. We may disagree on that.

Mr. WHITE: It is possible there may be some difference of opinion, my information being that whatever change there was in the plans, that the Governor in Council, by reason of the fact that Mr. Lemaire has produced all the orders in council, has not approved of any other plan of construction except the original plan attached to Exhibit 7. That is why I was so particular to have the original plan here rather than use our copy.

Mr. WHITE (continues reading):

(14) The works shall be constructed by the Company subject to the approval of an Engineer or Engineers authorized for such purpose by the Minister and the decision of the said engineer or engineers shall be final and conclusive upon all questions that may arise in connection with such construction.

(15) The Minister, or his duly authorized representative, shall have full and free access at any and all times to the works of the Company and shall have free control of the operation of the compensating or regulating sluices wherever situated, shall have the right to measure the discharge of the various channels and passages, and to adjust the flow of water in the interest of navigation. The Company shall take and keep such records of the flow of the St. Lawrence river, or the waters thereof, as the Minister or his representative shall deem necessary, and shall calibrate or cause to be calibrated to the satisfaction of the Minister such turbines, penstocks, sluices or other water passages as the Minister may require, and shall furnish at such times and in such manner and in such form and based on ratings satisfactory to the Minister certified copies of its records of flow and its records of operation.

(16) The Company shall furnish and deliver to the Minister immediately after the construction of the proposed works has been completed, such complete general and detail tracings of all parts of said works as actually built as may be required by the Minister, or his representative. Such plans shall show all dimensions, nature of material and other appurtenant information and shall be made on tracing linen and shall be provided with proper titles, headings and numbers.

(17) Should remedial works become necessary in the opinion of the Minister in the interest of navigation, because of surge conditions in the river below caused by the development of the Soulanges section for power, the Company will pay such proportionate cost of said works as may be required by the Governor in Council.

(18) The Company shall not set up any claim

- (a) for damage or for loss of property should any remedial works built under this approval become an impediment to future improvement of the section and require removal, or
- (b) for damages should the works or any part thereof no longer be required for the purpose for which they were constructed and be put to other approved use, or
- (c) for damages should any works or things ordered or required to be done by the Company under the provisions of paragraph 4 or any other paragraph hereof prove to be defective or insufficient for the purposes intended.

(19) The Company shall provide gates in its power house of such capacity as will discharge 40,000 c.f.s. under the most adverse conditions of head and tail water level to be anticipated and to the satisfaction of the Minister.

(20) His Majesty shall at any time be entitled to acquire and take over:—

The canals, works, buildings, erections or other property of the Company constructed under or pursuant to or in lieu of the works shown in the plans approved by this order in council, and the lands upon which the same are made or constructed, or so much of or such part of such works, buildings, erections, property or lands as in the opinion of the governor in council may be necessary, paying such compensation as may be agreed upon between the parties, or as may be fixed by the Exchequer Court of Canada in case of failure to agree, but in fixing such compensation consideration shall not be given to any rights or privileges acquired by the Company under or by virtue of this order in council; and consideration shall be given to the relief which the Company would thereby obtain from the obligations imposed on the Company by condition (5) hereof.

(21) The approval hereby granted is given upon and subject to the condition that in case it should be judicially determined that His Majesty in the right of the Dominion is entitled to any of the power now or hereafter to be developed in connection with the works the subject of this approval or any works hereafter to be constructed by virtue hereof by the Company or which His Majesty may construct then and in such event the Company shall pay to His Majesty in the right of the Dominion such compensation by way of annual rental as the governor in council may from time to time determine, and shall comply with all rules and regulations which may be made by the governor in council with respect to the rentals to be paid to the Government, the sale of power, the regulation of price thereof and the other matters now referred to in the regulations respecting Dominion Water Powers.

I call your attention to the wording of that clause:—

The approval hereby granted is given upon and subject to the condition that in case it should be judicially determined that His Majesty in the right of the Dominion is entitled to any of the power...

“Entitled to any of the power” is something which to me is difficult to understand in connection with a project such as this. Entitled to the water I can understand, but how the Dominion can be entitled to the power I have not yet been able to conceive. And, if that is meaningless, the clause does not mean very much.

(22) The Company shall commence its work within one year after the approval contemplated in paragraph 11 of these conditions, and shall complete its authorized works within five years from the date of such approval.

(23) The Company shall save the Dominion Government harmless should the construction of the works affect rights heretofore existing above, below or comprised within the area of the proposed works, the Company to be responsible for and to compensate for any damage which may be caused by the works to other Companies or interests owning or operating water power on the St. Lawrence River including Lake St. Francis, and the Company shall settle, pay and fully provide for the claims of riparians and other persons who may sustain any loss or damage in consequence of the construction of the said works or any of the works which the Company may require to construct and maintain for the purpose of restoring and maintaining the navigation of the St. Lawrence.

(24) The Company shall, before commencing construction of any part of the approved works, procure the execution by the Province of Quebec of an agreement with and to the satisfaction of the Dominion Government, whereby the Province will undertake and agree that should the said dam or appurtenant works or any part thereof become the property of the Province under any provision of the said lease, or otherwise, the Province will either transfer the same to the Dominion or will maintain the same or cause the same to be maintained in a proper state of repair, so that there shall always be a minimum depth of twenty-seven feet of water in the said Canal, and so that the same and every part thereof shall always be available and in proper condition for the maintenance of navigation in the said Canal.

(25) In case of failure by the Company to observe or perform any of the provisions and conditions upon which this approval is granted, or to proceed with and complete such works and things as may be ordered or required by the Minister under Clause 4 hereof, or under any other authority in that behalf, the Minister may, by notice in writing specifying generally the particulars of alleged failure, require full and complete

observance and performance in that regard within a period named in said notice, or may stipulate the respective times and manner in which the observance and performance of the provisions and conditions herein mentioned and the carrying out of such works, and things, shall be commenced, carried on and completed, and if such notice is not complied with within the time or any of the respective times so specified, His Majesty may jointly, severally or in the alternative,

- (a) take over and operate the whole or any part of the works, compensating the Company for the value thereof, but such compensation not to include any allowance for forcible taking or based upon the approval hereby granted.
- (b) proceed with and complete or maintain and repair the whole or any part of such works and things and recover the full cost thereof from the Company by suit in the Exchequer Court of Canada, as for a debt due from the Company to the Crown in the right of the Dominion.
- (c) cancel this approval,
all of the remedies specified in clauses (a) (b) and (c) hereof to be additional to, and without prejudice to any other remedies open to His Majesty in the premises, and to all or any proceedings in the courts available to the Crown. Any action by His Majesty under this paragraph shall not be deemed an infringement of the rights of the Company.

(26) The approval hereby granted shall inure only to the benefit of the applicant or its assigns, and shall endure only for the period of the said emphyteutic lease or any renewal thereof. Upon the termination of the said lease or of the rights granted thereunder or in case there should be at any time a reversion to the Crown of the rights granted thereunder the approval hereby granted shall cease and determine, and in no event shall the approval hereby granted or any rights dependent upon or connected therewith pass to the Crown in the right of the province. No assignment of the approved works or of the approval hereby granted, or of any of such rights, shall be made without the approval of the Governor in Council first had and obtained.

Should the Company make any such assignment without such approval, the Government may take over and operate the whole or any part of the works without compensation.

Mr. JACOBS: That is, the property passes to the Dominion on their failure to comply with the conditions.

Mr. WHITE: No, on their attempting to assign any rights which they have acquired from the Dominion under this order in council.

Mr. JACOBS: Where they failed to carry out the terms of the agreement. That is 25.

Mr. WHITE: They have the three alternatives. They can take over and operate the work upon payment of compensation, that is, the value of the works; whatever the value is it does not say on what basis, whether a going concern, or what it is.

Mr. JACOBS: What would be the position of the province in that event.

Mr. WHITE: They have agreed under the other order in council that the Dominion may, in effect, take this over and operate.

Mr. JACOBS: As a Dominion concern.

Mr. WHITE: In other words Quebec has practically agreed that these clauses may become operative in the event of the default mentioned:

(27) Any proprietary, legislative or executive powers, rights, authorities or privileges now or hereafter vested respectively in His Majesty, the Parliament of Canada, the Governor in Council or any Minister or officer of the Dominion Government shall not be in any way prejudiced or impaired by, and may be exercised in conjunction with, in substitution for or in addition to the powers, rights, authorities and privileges reserved to or conferred upon the Dominion by these conditions or the agreement incorporating the same.

(28) It is clearly stipulated and understood that nothing is hereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act upon and subject to these conditions.

In other words, this makes it pretty clear that the Dominion so far as this grant is concerned is not doing anything else than approving of the site and works in so far as they affect navigation. As to whether it actually does more than that, in spite of the avowal to the contrary, that may possibly be a matter for consideration:—

The Committee, on the recommendation of the Minister of Public Works, submit for Your Excellency's approval, under Section 7, Chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the descriptions and plans attached, in booklet form, which works are proposed to be constructed by the Beauharnois Light, Heat and Power Company, with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with a power canal to be built by the said Company along the St. Lawrence River between the two lakes mentioned, the said approval to take effect only after an agreement incorporating the conditions enumerated above and satisfactory to the Minister of Public Works of Canada has been executed between the Beauharnois Light, Heat and Power Company and His Majesty the King, as represented by the said Minister.

In connection with the foregoing, the Committee submit for Your Excellency's information the following documents which are hereto annexed:—

Study of Remedial and Control Works, by Messrs. Brown, Hogg and Lee, Consulting Engineers;

Supplementary Memorandum Regarding Ultimate possibilities of proposed Hydro-Electric Power development of the St. Lawrence River between Lake St. Francis and Lake St. Louis, by F. B. Brown, M.Sc., Consulting Engineer, Montreal;

Report of proposed Hydro-Electric Power development on the St. Lawrence River between Hungry Bay on Lake St. Francis and Melocheville on Lake St. Louis, by F. B. Brown, M.Sc., Consulting Engineer, Montreal.

Report, dated January 30, 1929, of Messrs. Cameron, McLachlan, Johnston and Cote, on the project.

Clerk of the Privy Council.

That is the report of the committee of engineers which was spoken of, and which has been requested, by the Minister of Public Works to go into the matter and report, which has been referred to in the order in council.

I would like in the morning to take up shortly the things that are attached to the order in council, Exhibit No. 1, and would, therefore, request whoever has charge to have it here at 11 o'clock.

Hon. Mr. MACKENZIE: May I ask if the specific charges which were mentioned at the first sitting of the committee have been formulated yet?

Mr. GARDINER: Before answering that question I would ask Mr. Mackenzie to read the Reference.

Hon. Mr. MACKENZIE: You are going to leave it as it is.

Mr. GARDINER: No. I merely object to Mr. Mackenzie making a statement as to whether I had compiled a list of the charges. The order of Reference does not state anything of that description at all.

Hon. Mr. MACKENZIE: I understood at the first meeting of the committee it was agreed that the charges should be tabulated in specific form.

Mr. GARDINER: I am quite willing to tabulate any statement that I made. I will put it that way.

Mr. JACOBS: They are tabulated in speech.

The CHAIRMAN: There undoubtedly was a discussion at our first meeting, at the suggestion of Mr. Jacobs, I think, with respect to the desirability of Mr. Gardiner setting out with greater clarity probably, if I may put it that way, the charges that were contained in his speech. I do not think Mr. Gardiner gave any undertaking to do it.

Mr. LENNOX: I think he did.

The CHAIRMAN: Mr. Gardiner said he would endeavour to clear the atmosphere by setting them out in greater detail. I am going to suggest to Mr. Gardiner, if it is satisfactory, that he see counsel for the committee, if possible, this evening, and go over the speech with them and possibly they will be able to give him the assistance necessary in that regard, because, if it can be done it might shorten the work of the committee a good deal.

Mr. WHITE: I may say, Mr. Chairman, that both Mr. Morin and I are at Mr. Gardiner's disposal for any purpose in connection with this inquiry.

Hon. Mr. MACKENZIE: And other members of the committee as well.

Mr. WHITE: Oh, yes.

The CHAIRMAN: We will adjourn until 11 o'clock to-morrow morning.

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Special Committee (House)

SESSION 1931

HOUSE OF COMMONS

11822
31822

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

WEDNESDAY, JUNE 24, 1931

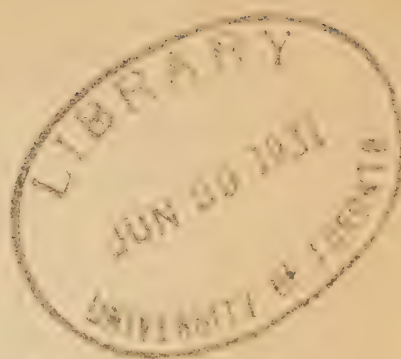
WITNESSES:

Mr. E. J. Lemaire, Clerk of the Privy Council, Ottawa, Ont.

Mr. Joseph A. Drouin, Records Office, Department of Public Works,
Ottawa, Ont.

Mr. James B. Hunter, Deputy Minister, Department of Public Works,
Ottawa, Ont.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931



EXHIBITS FILED

No. 10—Order in Council, P.C. 2386, December 24, 1906. Lease between Dominion Government and MacIntyre & Robert.

No. 11—Order in Council, P.C. 2009, October 14, 1907, amending P.C. 2386.

No. 12—Order in Council, P.C. 2168, December 9, 1909. Lease to B. Robert.

No. 13—Order in Council, P.C. 3136, December 18, 1920, amending lease in P.C. 2168.

No. 14—Order in Council, P.C. 1198, July 30, 1926, permitting Canadian Light and Power Company to reconstruct certain works referred to lease of December 10, 1907, P.C. P.C. 2168.

No. 15—Order in Council, P.C. 1465, July 23, 1927, permitting Canadian Light and Power Company to remove swing bridge over lock 13.

No. 16—Order in Council, P.C. 2239, December 22, 1928, renewal lease to Canadian Light and Power Company.

No. 17—Department of Public Works files numbered 804, respecting application of Beauharnois Light, Heat and Power Company.

No. 2-A—Plans and Maps (same as Exhibit No. 2).

No. 18—Copy of letter, H. B. Griffith, Secretary, Beauharnois Light, Heat and Power Company to Mr. J. B. Hunter, Deputy Minister of Public Works, also detailed plans of Beauharnois Light, Heat and Power Company, August 20, 1930. (Original of letter is on page 34 of Exhibit No. 17).

No. 19—Letter, dated July 29, 1929, from Beauharnois Light, Heat and Power Company to Minister of Public Works, also detailed plans, May 9, 1929.

MINUTES OF PROCEEDINGS

WEDNESDAY June 24, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 2 p.m. Hon. Mr. Gordon, the Chairman, presided.

Members Present: Messrs. Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Resolved,—That the Order of the Committee made on June 22, requiring Mr. Robert Dodd, of Montreal, Que., to appear on June 25, be discharged.

Mr. E. J. Lemaire was recalled and produced,—

Exhibit No. 10—Order in Council, P.C. 2386, December 24, 1906. Lease between Dominion Government and MacIntyre & Robert.

Exhibit No. 11—Order in Council, P.C. 2009, October 14, 1907, amending P.C. 2386.

Exhibit No. 12—Order in Council, P.C. 2168, December 9, 1909. Lease to B. Robert.

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Exhibit No. 15—Order in Council, P.C. 1465, July 23, 1927, permitting Canadian Light and Power Company to remove swing bridge over lock 13.

Exhibit No. 16—Order in Council, P.C. 2239, December 22, 1928, renewal lease to Canadian Light and Power Company.

Mr. Lemaire retired.

Mr. Joseph A. Drouin, Records Office, Department of Public Works, Ottawa, Ont., was called, sworn, and produced,—

Exhibit No. 17—Department of Public Works files numbered 804, respecting application of Beauharnois Light, Heat and Power Company.

Exhibit No. 2-A—Plans and Maps (same as Exhibit No. 2).

Exhibit No. 18—Copy of letter, H. B. Griffith, Secretary, Beauharnois Light, Heat and Power Company to Mr. J. B. Hunter, Deputy Minister of Public Works, also detailed plans of Beauharnois Light, Heat and Power Company, August 20, 1930. (Original of letter is on page 34 of Exhibit No. 17).

Exhibit No. 19—Letter, dated July 29, 1929, from Beauharnois Light, Heat and Power Company to Minister of Public Works, also detailed plans, May 9, 1929.

Mr. Drouin retired.

Mr. James B. Hunter, Deputy Minister of Public Works, Ottawa, Ont., was called, sworn and examined.

Mr. Hunter retired.

Ordered, That Mr. McLachlan, Department of Railways and Canals attend to-morrow.

The Committee adjourned until to-morrow at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 231,

WEDNESDAY, June 24, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 2.00 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., for the Committee.

G. H. Montgomery, K.C., W. N. Tilley, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C. for the Royal Trust Company.

I. F. Hellmuth, K.C., for the Beauharnois Company.

The CHAIRMAN: Mr. Hellmuth, I understand you are acting for Beauharnois?

Mr. HELLMUTH: Yes.

Mr. TILLEY: Let me say, Mr. Chairman, I realize that the work of the committee will not likely finish this week, and as I must leave for England on Saturday, I shall have to withdraw for the present, and Mr. Hellmuth is taking my place. If the session last long enough I may be back.

Mr. WHITE: I understand, Mr. Chairman, there is one question about the order in council which I read yesterday, 422, on which one of the members of the committee desires some further light, and it was suggested that that matter might be taken up at the opening of this session; if that meets with the view of the members it can be done now.

The CHAIRMAN: Yes.

Mr. WHITE: It was General Stewart who spoke to me about it.

The CHAIRMAN: What was the difficulty, General Stewart?

Mr. STEWART: In regard to Clause 26.

Mr. WHITE: I understand, Mr. Chairman, that in clause 26 there was a question as to some of the wording of that clause. It reads:

The approval hereby granted shall inure only to the benefit of the applicant or its assigns, and shall endure only for the period of the said emphyteutic lease or any renewal thereof. Upon the termination of the said lease or of the rights granted thereunder or in case there should be at any time a reversion to the Crown of the rights granted thereunder the approval hereby granted shall cease and determine, and in no event shall the approval hereby granted or any rights dependent upon or connected therewith pass to the Crown in the right of the province. No assignment of the approved works or of the approval hereby granted or of any of such rights, shall be made without the approval of the Governor in Council first had and obtained.

Should the Company make any such assignment without such approval, the Government may take over and operate the whole or any part of the works without compensation.

Mr. WHITE: Mr. Stewart was not clear, I take it, as to what rights were granted under that lease, or as to whether this clause in the contract or, at least, the clause in the order in council was a recognition of the right of the province of Quebec to grant the lease. Is that the question?

Mr. STEWART: Yes.

Mr. WHITE: The rights here referred to, of course, are just what they might happen to be under the lease itself, that is the lease to the Roberts, and we shall have that lease before the committee at a later stage, so we can then consider it. As to it being a recognition of the right of the province to grant the lease, I should not think that a recital of it here would have any particular effect by way of being binding upon the province and the Dominion.

The CHAIRMAN: I doubt if we could get any two of the counsel present to agree upon it.

Mr. WHITE: Mr. Morin and myself have difficulties, sometimes.

Mr. Lemaire was asked yesterday to produce certain additional orders in council, and I had in mind to refer to the plans that were attached to exhibit 1, but probably it would be more convenient if Mr. Lemaire would produce these orders in council now. He tells me that owing to a difference in the filing system in the Privy Council office and in the Department of Railways and Canals, he is of the opinion that all of those orders in council may be collected in one place in the Railways and Canals, where they are not with him. However, I think it is important that we should know from Mr. Lemaire that we have all the orders in council affecting this project and for that reason I should like to call him now, with your permission.

Mr. E. J. LEMAIRE, recalled.

The CHAIRMAN: The last order in council produced was exhibit 9, order in council No. 2203, as I have it. Is that right?

Mr. WHITE: Yes. There were three orders in council, 2201, 2202, 2203.

By Mr. White:

Q. You are already sworn, of course. You are producing now, Mr. Lemaire, Order in Council—A. Several Orders in Council.

Q. Are these the ones (producing)?—A. Yes.

Q. These are recitals, are they? These give a very short precis of what, that is, the index of the front gives a short precis of what, the contents of the Order in Council?—A. Yes.

Q. They are not in order of date. I shall try to put them in order of date. I think in your index the earliest one appears to be P.C. 1198, dated 30th July, 1926, and that is an Order in Council granting permission to the Canadian Light and Power Company to replace or reconstruct certain works referred to in clause 3 of the lease of the 10th of December 1907. I have not had an opportunity of looking at that document, but perhaps I can refer to it in a moment.

Sir EUGÈNE Fiset: The memorandum is not in sequence?

Mr. WHITE: Not in sequence, chronologically. I shall have to take it up and refer to it later on. Now, the first one, in order of date, is P.C. 2386, 24th December, 1906, authorizing a lease of the canal to McIntyre and Robert, and fixing the terms and conditions of the lease.

Mr. LENNOX: Who are the lessors?

Mr. WHITE: I shall just have a look at it, Mr. Lennox. It is as follows:—

On a memorandum dated 16th November, 1906, from the Minister of Railways and Canals, representing that there has been brought before

him the question of leasing the Beauharnois Canal, in order to its utilization for the development of electricity for lighting and industrial purposes.

The Minister submits that various applications for the leasing of isolated powers on the Canal have, from time to time, been put forward; but in 1903 a scheme of greater magnitude, comprising the whole of the canal, was presented by Mr. E. A. Robert, who, on behalf of himself and those associated with him undertook to pay for the privilege a fair remuneration, and to safeguard by contract, all rights that the government might desire to protect. This proposition was subsequently renewed in more ample form, the applicants being Messrs. W. R. McIntyre and E. A. Robert, they undertaking to relieve the government of all expense in connection with the canal, and to pay all the servitudes and maintenance of the same; further, to furnish power to the municipalities of the Towns of Beauharnois and Valleyfield, and Montreal, and do nothing to interfere with—

The CHAIRMAN: There is an interjection there.

Mr. WHITE: Yes, on the margin are the following words.

—and further to make in the course of the next season all urgent and necessary repairs under the supervision of the Minister of Railways, the same being estimated at about \$60,000.

It is initialled "W.L."

Continuing where I left off;—

—the Montreal Cotton Company in the exercise of their rights and privileges, the said company being lessees of the government and their works being near the head of the canal, though at some distance from it and not directly connected with in in any way. The applicants propose to expend at least \$1,000,000 in development, which would include the deepening and widening of the canal and the utilization of its banks and property.

That this proposition appeared to be one deserving of careful examination and of consideration, and it has accordingly been so treated.

The Minister further submits that the following represents the position:—

The Beauharnois canal was built about 60 years ago—

That is, speaking of 1906, and it would be 85 years ago now, I take it.

—and is a waterway eleven and one-quarter miles in length with 8 lift locks and a guard lock; it overcomes an aggregate rise of $82\frac{1}{2}$ feet; the present depth of water on the lock sills is 9 feet. The construction of the Soulanges Canal has rendered the Beauharnois canal unnecessary for navigation purposes.

From a report from the Superintending Engineer of the Canal, dated the 21st of April, 1904, in which he deals with the question of the possible development of power with the water now available, it appears that the present condition of the supply weir at Valleyfield is such as to necessitate costly repairs, including the rebuilding of the side walls at a cost of about \$30,000, that if the lock gate sluices were used in connection with the weir for the supply of the headrace, the volume of water now available that could be passed under a minimum head of one foot would be about 1,000 cubic feet per second, and that this water could be utilized at certain points of development along the canal in its present condition so as to produce 5,790 h.p.; he observes, however, that at one of the points of development it would affect the power of the Montreal Cotton Company by raising the level of their tailrace. He further states that

with increased feeding capacity, power equivalent to 8,687 h.p. could be obtained. He points out that, at the present time, the staff is reduced to its minimum number; one overseer, one man at each dock, one bridgeman, and three ferry men—a staff which, he states, must be maintained whether for the purposes of navigation or for producing power, so long as water is passed into the canal, with the exception of one bridgeman whose services might be dispensed with, the bridge being converted into a fixed span, if the canal were closed to navigation. He states that servitudes exist as follows: the maintenance of 9 bridges and 3 ferries, of 110 weirs and farm bridges, of roads on both sides of the canal, of fences, ditches and culverts, of the Hungry Bay dyke—

Apparently, if you turn to the large plan on the map there, at the top of the two plans you will see at the entrance to the old canal and some distance to the west of it, there commences a dyke, which goes in an easterly direction from that point, to a point a considerable distance east of the present proposed entrance from Lake St. Louis—no, Lake St. Francis, I am all twisted. At the other end, Lake St. Francis, I should say. That dyke extends well beyond the point at which the present proposed canal takes its water from, or proposed to take its water from Lake St. Francis. That dyke was, on the information furnished by the documents, built by the old province of Canada before Confederation, I think in 1855. There will be evidence as to that. It has been maintained ever since by the Dominion, it having become the property of the Dominion under the British North America Act, and it may raise some question as to the respective rights of the province and of the Dominion at that particular point. There is a judgment in 9 Exchequer Courts, *Robert versus His Majesty*, in which the question of the building of that dyke is mentioned.

—and road, also the cutting of weeds along the canal. The annual expenditure, with the above reduced staff for maintenance and repair would amount, he estimates, to about \$20,000.

The Minister observes that although the canal was completed in 1845, it was found that the channel leading to the Upper Entrance was crooked, and had 8 feet of water in dry seasons, further, it was crossed by the current in places, producing liability to accidents; to remedy these defects two dams were built, one from the main shore, 650 feet north of the Guard Lock to Grand Ile and the other from that island to another. On these dams a road was constructed which forms the means of communication. These dams had the effect of raising the level of the water about 2 feet. The residents on the south shore bank of the Lake St. Francis, however, complained that the dams caused flooding over their lands; and for the purpose of protection from such flooding, a dyke nearly 5 miles in length was built by the government from a point about a mile above the guard lock of the canal; this dyke is known as Hungry Bay Dyke; it is used as a roadway, and inasmuch as it is advised by the Chief Engineer of the Department that the maintenance of the two dams, the construction of which rendered its building necessary as above explained, is essential to the proper supply of water for the Soulanges canal on the other side of the river, and inasmuch further as the dyke is in no way connected with the canal, it appears to be negligible in dealing with the present question of leasing the canal.

The Minister, on careful consideration of the whole question, keeping in view the facts that the canal is not now needed for navigation and is, notwithstanding, a source of considerable expense to the government, recommends that authority be given for leasing the said Beauharnois canal.

The Minister observes that by the Statutes of 1895, chapter 36 it was enacted that any public work not required for public purposes may be sold or leased by tender or at auction after public advertisement "unless it is otherwise authorized by the governor in council." The Minister submits, with regard to this enactment, that in the disposal by lease of a privilege of such actual and potential magnitude, it is of the highest importance that all precaution should be taken to avoid the possibility of a monopoly being created adverse to the interests of the city of Montreal and of the great prospective users of power there and in the vicinity, through the absorption by some existing power company of these privileges, and that the calling for tenders therefor, or the sale by auction of the same, would surely result in placing in the hands of those interested in crushing out competition an easy means of obtaining their ends.

The Minister accordingly recommends that in the first place the governor in council authorize that for the leasing of this work, the calling for tenders or the sale of the privilege by public auction be dispensed with, and further that the lease be granted to Messrs. McIntyre and Robert, or to such company as may be formed by them, on the following terms and conditions, in addition to any others that may be deemed desirable in the public interest, namely,

1. The lease shall be for a period of twenty-one years, renewable for two further terms of twenty-one years each, making a total of sixty-three years, only,

That condition may perhaps develop into something of importance.

2. The rental shall be twelve thousand dollars a year.

3. The property to be leased shall be the whole of the canal itself, its bed, banks, and adjacent reserve lands on both sides of the canal (except the government dams at Valleyfield, the lands in that connection, and all government buildings and structures appertaining thereto and the Hungry Bay Dyke),

The CHAIRMAN: That is leased to McIntyre and Robert.

Mr. WHITE: McIntyre and Robert, the order in council authorizing it.—also all waters now or hereafter passing through the said canal.

4. The lessees shall have the right to widen and deepen the present canal for the purpose of increasing the supply of water in such manner as they may see fit, and to enlarge, remove or replace with other works any or all of the present structures on the canal; provided that such additional flow of water thereby obtained does not in any way detrimentally affect the supply of water to the Soulanges Canal, nor the supply of water at present leased to the Montreal Cotton Company, or to disturb the level of the river so as to affect navigation.

The CHAIRMAN: In the river itself?

Mr. WHITE: Yes. That is an interjection which is put in, apparently, in the handwriting of the then Prime Minister, who I take to be Sir Wilfrid Laurier.

5. The lessees shall, at their own cost, maintain all existing servitudes, except the Hungry Bay Dyke.

6. The lessees shall have the right to sublet, within the time limitations of their own lease, any and all areas of the said canal lands, as they may see fit, and to receive all rentals for the same to their own advantage.

7. The lessees shall, from the date of execution and delivery of the lease now to be granted, and within the time limitations of that lease, stand in the place of the government in respect of all leases heretofore

granted, receiving the rentals therefor to their own advantage; but all arrears of rent that have accrued or that may accrue on such leases up to the date above mentioned shall enure to the government.

8. The lessees, if exercising the right of widening the Canal, shall provide and maintain roadways on both sides of the Canal, for public use, equivalent in extent and accommodation to those, now existing, that it may be found necessary to utilize for that purpose.

9. The lessees shall assume all liability for damages, detriment or injury that may result through the construction operation or presence of their works, or from neglect to maintain such works in efficient condition.

10. The lessees shall hold the Government harmless against all claims whatsoever that may arise in consequence of the leasing to them of the said Canal, and the rights and privileges so demised.

11. The lessees shall do nothing to detrimentally affect the water privileges as at present leased to and enjoyed by the Montreal Cotton Company, nor the works of that Company, nor the privilege of water supply otherwise granted at the Government dams and lands adjacent thereto.

12. The lessees shall whenever so required by the Municipality of Valleyfield or by the Municipality of Beauharnois or by the City of Montreal or other Municipality, furnish them with electrical power for municipal lighting purposes at reasonable rates and on reasonable conditions, such rates and conditions in the event of disagreement between the parties to be determined by the Board of Railway Commissioners for Canada; provided always that notification of such requirements be given by the Municipalities to the lessees within two years from the grant of this lease, and that reasonable time be allowed the lessees after such notification to enable them to comply therewith.

13. With regard to the rights given to the Corporation of Valleyfield by lease to lay and maintain an iron sewer pipe under the Canal and along the Canal reserve, such rights shall be continued to the Corporation by the lessees; and in the event of the lessees enlarging the Canal, they shall at their own cost provide for the Corporation, and lay an iron sewer pipe sufficient to meet the new conditions thereby created.

14. With regard to the rights of carrying electric cables under the Canal in an iron pipe and of placing and maintaining poles for telephone wires granted by lease to the Bell Telephone Company of Canada, these rights shall be continued to that Company by the lessees, and in the event of the lessees hereafter widening the Canal, during the subsistence of their own said lease, to such extent as to render the removal of such poles necessary, the lessees shall permit them to be re-erected on such other portions of the Canal lands as may be suitable for the purpose; further, in the event of their enlarging the Canal they shall permit the said Company either to lay a pipe for carrying cables under the Canal, or to cross the Canal with overhead wires, as they, the lessees, may determine.

15. With regard to the permission given by agreement with the Canada Atlantic Railway Company to cross the Canal by a swing bridge—such agreement granted in 1885 and terminable at six months' notice by either party, having been for a temporary structure, with an undertaking on the part of the Company to construct thereafter "whenever required by the Minister" and at their own cost, permanent works of masonry, with two clear openings each 47 feet in width and a clear sectional area of 1,950 square feet—the lessees shall have and exercise all the powers vested in the Minister under such agreement.

16. Neither Messrs. McIntyre and Robert, nor the company that may be formed by them shall, in respect of this lease, amalgamate with any existing company, and in the event of the Light, Heat and Power Company of Montreal, or any other Company, acquiring, in any way, directly or indirectly, control of the said lease, or of the privileges covered thereby—of the existence of such control the Government to be sole judge—the Government shall have the right, immediately, without compensation of any kind whatever, to cancel the said lease, and to assume possession, as its own property, of the whole of the works, plant, buildings and materials belonging to the said lessees, situated or being on or alongside of the Canal, and within the areas covered by the said lease.

17. The rates to be charged by the lessees for power, light and heat shall be fixed by the Board of Railway Commissioners for Canada, and shall be subject to revision by the said Board at the expiration of each period of five years thereafter, nor shall any rates or charges for power, light or heat be collected by the lessees unless and until they have been so determined.

18. The lessees shall have commenced their work of development within two years from the date of the lease, and shall complete the said works within five years therefrom, to such extent as to be in condition to supply power equivalent to 2,000 horse-power.

19. At the close of the said period of 63 years, should the Government of that day decline to grant an extension of the lease, the lessees shall be entitled to be paid by the Government the then actual value of their buildings and plant, and no more, such value to be ascertained by an appraisement to be made by three valuers, one to be appointed by the Government, one by the lessees, and the third by the two so appointed, or failing their agreement as to the third valuator, by the Chief Justice of the Superior Court of the Province of Quebec, no compensation to be paid for loss of franchise, nor on any ground or for anything whatever except as above stated.

The Minister further recommends that though not necessarily to be expressed in the lease itself, it must be understood that the lessees will at all times, deal with the present holders of Government leases in a fair and reasonable spirit, not exercising rights of terminating leases (save for the purpose of issuing new leases direct to the parties from themselves, if so desired) unless either the circumstances of their own business requirements render such action necessary, or the conduct of the said present lessees renders cancellation proper and justifiable; nor shall they unduly raise the rentals of such leases; it being expressly understood that the object of these provisions is to protect the present lessees against any harsh or arbitrary stoppage of privileges now enjoyed under the Government, and with which, but for the action now contemplated in leasing the canal, there would, in all probability, have been no interference.

The Government reserve to themselves the right to expropriate the above-mentioned works at any time during the said lease.

The Committee submit the same for approval.

WILFRID LAURIER.

Now, that is signed by Sir Wilfrid Laurier and approved by Lord Grey on the 24th of December.

The CHAIRMAN: Between whom is that lease?

Mr. WHITE: Between the Government of Canada and McIntyre and Robert. Of course, there will be no question about that, Mr. Chairman,

because the Beauharnois Canal and any water power incidental to its construction and maintenance would undoubtedly be within the jurisdiction and ownership of the Crown—the right of the Dominion as represented by the Department of Railways and Canals. All canals, amongst other things, were declared by the British North America Act to be the property of the Dominion of Canada.

The CHAIRMAN: Did this agreement take the place of all prior rights and agreements that the Robert's had?

Mr. WHITE: I do not think the Robert's had any rights.

The CHAIRMAN: On the canal?

Mr. MONTGOMERY: This is a different Robert entirely.

Mr. WHITE: Are there two Robert's?

Mr. MONTGOMERY: This is E. A. Robert.

Mr. WHITE: Do I understand that there were other rights than these in any of the Roberts, except such as might be incidental to the ownership of land?

Mr. MONTGOMERY: E. A. Robert was the man who with McIntyre applied for a patent or lease from the Beauharnois Canal. He did not derive his rights in any way from this Robert. W. H. Robert, his brother, is one of the owners who sold stock in the Beauharnois Company to this Company. They were entirely different projects, and for a time they were very much in opposition to each other.

Mr. WHITE: Do I understand then that this particular lease contemplated by this Order in Council which I have just read does not refer to works which are embraced in the present project?

Mr. MONTGOMERY: No. Not at all. There is no connection, Mr. White. That is the Canadian Light and Power works that are covered in that lease which you have. Robert and McIntyre Incorporated the Canadian Light and Power Company which is still going. It is another project entirely. It has no connection whatever with this project.

Mr. WHITE: P.C. 2009 is the next one. It is dated the 17th of October, 1907; and in view of what Mr. Montgomery has just told me, it will probably not be necessary for me to more than refer to this particular Order in Council, because it only amends the terms of the lease contemplated by the Order in Council. It says "amending P.C. 2086, and approving draft lease to McIntyre and Robert." A copy of the lease is here; and if at any time during the inquiry it becomes necessary to look at it, it will be available, no doubt. It is principally in regard to the lease and to the terms of expropriation. This is P.C. 2168, dated the 9th of December, 1909, authorizing lease of headgates, etc., to the heirs of the late Bartholomew Robert.

Mr. MONTGOMERY: That has to do with the Beauharnois project.

The CHAIRMAN: Mr. Montgomery, what you say is that these two Orders in Council, 2386 and 2009 which have been read just now and which have been entered as exhibits Nos. 10 and 11, are not concerned with the present Beauharnois project?

Mr. MONTGOMERY: Not in any way, shape or form.

The CHAIRMAN: They have to do with the old Beauharnois Canal as disclosed on this map?

Mr. MONTGOMERY: The Canadian Light and Power project starts at this point (indicating profile map). The intake is there, and the power house is here.

Mr. LENNOX: Is that what this lease covers—between those two points?

Mr. MONTGOMERY: Yes; the two we have just heard read.

The CHAIRMAN: It has nothing to do with this inquiry.

Mr. MONTGOMERY: Not as far as I can see.

Mr. WHITE: The only possible thing that suggests itself to one's mind is that it has been in existence for a long time, and whether or not there might be any possibility of its rights being affected by the project.

Mr. MONTGOMERY: You will see that they were one of the objectors at the time of the hearing; that is, the Canadian Light and Power Company.

Mr. WHITE: The next Order in Council, which will be filed as exhibit 12, is P.C. 2168. That is this: "On a memorandum dated 22nd October, 1909, from the Minister of Public Works stating that on the 17th of October, 1904, judgment was rendered on a petition of right granted to Mr. Bartholomew Robert, mill owner, of Valleyfield. Mr. Robert claimed ownership of a certain feeder or canal near Beauharnois built for the purpose of conveying water from the River St. Lawrence to the River St. Louis.

Might I trouble you, Mr. Montgomery, to just indicate on the map where that feeder is?

Mr. MONTGOMERY: It runs down to the St. Louis River—down below here (indicating).

Mr. WHITE: The water from the feeder was from Lake St. Francis to the St. Louis River?

Mr. MONTGOMERY: Yes.

Sir EUGENE Fiset: Is that the feeder mentioned?

Mr. WHITE: Sir Eugene Fiset wants to know if that is the feeder which is mentioned in Order in Council 422? I think it is.

Mr. MONTGOMERY: Yes.

Mr. WHITE: Then this Order in Council says:—

Mr. Robert claimed ownership of a certain feeder or canal near Beauharnois built for the purpose of conveying water from the River St. Lawrence to the River St. Louis, together with a strip of land on both sides of the Canal, also headgates, etc., and prayed that judgment be rendered declaring him to be the sole owner of the feeder, etc., and that he be alone entitled to possession, control and disposition of the same.

The Minister observes that though the judgment was rendered against the contention of Mr. Robert, it admits that that gentleman had important rights in the feeder and the water thereby supplied to his mills.

I might incidentally say, Mr. Chairman, that the judgment in that case shortly determined that the rights claimed by Mr. Robert were not in him, but in the Crown in the right of the Dominion.

Hon. Mr. MACKENZIE: The Exchequer Court?

Mr. WHITE: Yes, with the Exchequer Court. It states that,

"These rights have been recognized by the Crown in the most formal manner possible." So far as the possession and control of every part of the dyke, including the gates by means of which the waters of the lake are admitted to the feeder, the Judge was against Robert, but he adds: "On the other hand the suppliant has, it seems to me, a right to have these gates so regulated and controlled as to give him all the water he is entitled to, consistent with other public or private interests concerned." Further on the Judge says: "With respect to the possession of the feeder itself, except that portion of it which is within the limits of the dyke or public work mentioned, I have not been able to see what public interest

of Canada is served by retaining possession of it, or why it might not without any injury to any such public interest be handed over to the suppliant.

That in view of the remarks made by the Judge and of the fact that Mr. Robert had appealed from the above judgment, it was suggested that some compromise be arrived at on the following basis in settlement of the action: The head-gates of the canal being in the dyke built and maintained by the Government, are the property of the Crown, but they are of no use except for Robert's purposes. An agreement might therefore be made whereby, for a nominal yearly consideration, Robert would be given the control of these gates, undertaking the obligation to operate them in accordance with any directions which may be issued to him in that behalf by the Department of Public Works, undertaking not to cause or permit any overflow or damage and to be responsible for any such if caused, undertaking, further, to maintain and keep the gates in good repair, as well as any bridges for the maintenance of which the Government is responsible, and undertaking, moreover, if this arrangement be found not to work satisfactorily to the Department of Public Works to restore possession and control of these head-gates, etc., to the Department upon reasonable notice and demand;

That Mr. Bartholomew Robert is now dead, but his heirs are agreeable to enter into an agreement with the Crown on the basis outlined above and the accompanying lease has been drafted in accordance therewith.

The Minister, therefore, recommends that authority be given to lease to the heirs of the late J. Bartholomew Robert for a period of 21 years, renewable, at a nominal annual rental of \$1, to become due and payable on the 1st of November, 1909, and the first of November of each ensuing year during the existence of these presents, all the said head-gates and accessories in the seigniorie and district of Beauharnois, together with whatever rights the Crown may be possessed of in the said feeder.

The Committee submit the same for approval.

It is signed by Sir Richard Cartwright and approved 9th December, 1909, by Sir Charles Fitzpatrick, Deputy Governor General.

A lease is attached and is to Sarah Robert, widow of the late Joseph Bartholomew Robert, William Henry Robert of the Town of Beauharnois, in the Province of Quebec, Joseph Alfred Robert, of the City of Ottawa, in the Province of Ontario and Sarah May Robert, spinster of the town of Beauharnois, all legal heirs of the said late Joseph Bartholomew Robert, hereinafter called the lessees.

The CHAIRMAN: Mr. Montgomery, the rights under this lease were taken over by your clients.

Mr. MONTGOMERY: Yes.

Mr. WHITE: I understand also, Mr. Montgomery, they were taken over by the Beauharnois Light Heat and Power Co., which has, since the acquisition of those rights paid to the government this nominal rental.

Mr. MONTGOMERY: I understand that to be correct. They were taken over by our clients. They were part of the Beauharnois stock. They have been turned over to the company and go as an incident of the acquisition of the Beauharnois stock.

Mr. WHITE: Just in order that it may be down precisely on the notes, what I understand to be the case is that these rights under this lease were transferred by the heirs Robert to the Beauharnois Light Heat and Power Company.

M. MONTGOMERY: That is right.

Mr. WHITE: Who still have the title to the property.

Mr. MONTGOMERY: It is only the shareholders who have changed not the company.

Mr. WHITE: Well, the shareholders have not changed either. What the Beauharnois Light Heat and Power Co. acquired were not these rights but shares in the Beauharnois Light Heat and Power Co.

Mr. MONTGOMERY: That it what I say, the shareholders have changed not the owners.

Mr. WHITE: I mean they have changed by being transferred to the Beauharnois Light Heat and Power Co., who are now the proprietors of the old company.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: Just one more question, Mr. Montgomery, it will come out later but I want to clear it up in my mind. The Beauharnois Light Heat and Power Co., was incorporated prior to 1909. It was incorporated in 1902, I think, was it not.

Mr. MONTGOMERY: That is correct.

The CHAIRMAN: And at its incorporation, or just after its incorporation, it took over certain rights or assets that were then in the original Robert or his heirs.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: The assets that they then took over, did they include the rights under the lease which is presently under discussion.

Mr. MONTGOMERY: I understand so.

The CHAIRMAN: This lease was not anything in addition to what the Beauharnois Light Heat and Power Co got immediately after its incorporation.

Mr. MONTGOMERY: This lease was subsequent to the incorporation of the company. This lease was in 1909.

The CHAIRMAN: What I wanted to clear up in my mind was the assets that the Beauharnois Light Heat and Power Co., took over, I presume immediately after its incorporation, and these were the then rights of the Robert heirs.

Mr. MONTGOMERY: That is as I understand it.

The CHAIRMAN: Did those rights include the rights that were subsequently under review here and re-incorporated—let me put it that way—in this lease.

Mr. MONTGOMERY: I fancy so. I have not checked that personally.

The CHAIRMAN: That will be disclosed later on.

Mr. WHITE: Perhaps Mr. Christie could tell us that off-hand.

Mr. MONTGOMERY: Mr. Christie informs me that Robert turned over to the Beauharnois Light Heat and Power Co., by the incorporation of which he procured the rights in that feeder canal, then this litigation followed, and then subsequent to the litigation he transferred this lease which is now under discussion.

The CHAIRMAN: This lease was approved in 1909.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: And that lease was entered into as a compromise subsequent to the litigation.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: And this lease would then incorporate all the rights of the heirs, settling their rights, and then the lease was assigned to the Beauharnois Light Heat and Power Co.

Mr. MONTGOMERY: Yes. Really, that lease, as I always understood it, had to do with the operation of those head gates. At the time they built the Beauharnois canal.

Mr. WHITE: Well, Mr. Chairman, as I read the report of the case in the Exchequer Court, Mr. Robert claimed much more than that. He claimed, as I remember it, all of the rights in that feeder and the right to the possession and the control of the water, and it was declared in the judgment that he was not entitled to them. And, in addition to that, I find some difficulty in regard to the statement of my learned friend, because the action was brought not by the Beauharnois Light Heat and Power Co., but by Robert.

Mr. MONTGOMERY: Yes.

Mr. WHITE: And if he had transferred all his rights to the company previous to the bringing of the action, of course, he would not have had any right on that ground. So there must be some confusion there somewhere.

Mr. MONTGOMERY: Mr. Christie informs me that he had agreed to transfer these to the Beauharnois Light, Heat & Power Co. There was only a charter at that time. The Beauharnois Light, Heat & Power Co., was originally incorporated with the idea of using that feeder and the St. Lawrence river as an exit, a much smaller proposition, and it lay there as a charter for a good many years.

The CHAIRMAN: What I want to get clear in my mind is this: What assets and at what date, or approximately, did the Beauharnois Light, Heat & Power Co., get, what did they get into possession of first?

Mr. MONTGOMERY: In connection with the difficulty that is suggested by my friend, Mr. White, that is, if Robert had actually turned over the possession of this feeder canal to Beauharnois before it was incorporated, one would find some difficulty in seeing why it was they brought the action; but I am informed that, in the first place, the charter of the Beauharnois Light, Heat & Power Co. was obtained at the instance of Robert, that he agreed to turn over this property to the company, but that it had not, in fact, been done at the time this action was taken, and subsequent to that settlement I understand that he did, or rather his heirs turned the thing over to the Beauharnois Light Heat & Power Co.

Mr. WHITE: That, of course, will all appear in the minute book.

The CHAIRMAN: Then am I right in assuming that the assets of the Robert heirs are reflected in that feeder that has been referred to.

Mr. MONTGOMERY: Certainly the feeder was transferred. Whether the assets were anything outside of that feeder I cannot say definitely.

The CHAIRMAN: That will be disclosed in some document.

Mr. WHITE: I suppose so. They were pretty cheap rights, Mr. Morin informs me, because Mr. Robert bought them from Seigneur Ellice for 20 pounds. That, however, will all appear, Mr. Chairman, when we examine the minute book of the Beauharnois Light, Heat & Power Co., and I would ask now that within a day or two, if it is convenient, we might have access to the minute book of that company and its corporate records and also of the power company.

The CHAIRMAN: Mr. White, I do not want to anticipate because sometimes that only makes it a little more difficult to go ahead; but I am sure the members of the committee, at least those members of the committee that I have talked with and who seem to have the same difficulty, would like to get the information now if we can so that we can follow the documents more easily as they go in upon the records. What did the Robert Heirs supply at

the time of incorporation of the Beauharnois Light, Heat & Power Co.? If they did not own anything which was definible, and did not transfer anything to that company immediately on its incorporation when were their rights defined and what did they turn over to the Beauharnois Light, Heat & Power Co.

Mr. WHITE: In anticipation only, and not having seen the corporate records but from other documents which I have seen, my impression is that they first agreed to turn over whatever their rights were. Then having agreed to do that the action went against them, and then this order in council and lease were granted and that lease was actually turned over when it had been executed.

Mr. MONTGOMERY: I think you will find some explanation in the charter of the company.

The CHAIRMAN: Rather than having to go through the documents now, I think the members would like to hear whether or not the lease that was approved of, and which has just been read, defined for the first time the rights of the Robert heirs, and all their rights. Then if we could have it indicated on the map just exactly what that lease is it would give us an idea of the starting point, as it were, until we finally get down to the present canal. If any of the counsel could enlighten us I am sure the members of the committee would like to know.

Mr. MONTGOMERY: So far as the charter itself is concerned, Joseph Bartholomew Robert and other Roberts are the incorporaters of the company, and they are authorized to develop the power corporation. Seven empowers them to acquire from J. D. Robert his franchises and contracts, and so on, and water powers, and 9 speaks of the acquisition of the feeder, and gives power to enlarge the feeder, and so on.

The CHAIRMAN: Then they had in contemplation turning over, let us call them, two assets to the company, first, any lease or otherwise, water power, franchises and contracts now owned and operated by Joseph Bartholomew Robert, and so on, then anything that he should acquire later on.

Mr. MONTGOMERY: Eight speaks of the mills which he had on the St. Lawrence river as well, and then 9, the feeder canal.

The CHAIRMAN: Yes. Now can you tell me, Mr. Montgomery, what franchises and contracts are referred to in section 7.

Mr. MONTGOMERY: I can only give you my impression, as I have not personally checked the thing. They had a little power plant I think at that time.

The CHAIRMAN: Located where, do you know.

Mr. MONTGOMERY: It was in the town of Beauharnois, I believe, right at the other end of the river.

The CHAIRMAN: And where did it get its water from.

Mr. MONTGOMERY: It came from that feeder right down the St. Lawrence river. There was no power plant, as I understand it, at that feeder, but there was a power plant at the lower end of the river.

The CHAIRMAN: And that, shortly, was the right of the Robert heirs to the use of the water whatever those rights may have been.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: Which was transferred including the mill and rights that he thought he could acquire later, and which he subsequently did acquire after the lawsuit.

Mr. MONTGOMERY: I cannot tell you now, following the granting of that charter, when the actual transfer took place, whether there was one prior to that suit.

The CHAIRMAN: The only thing he could acquire prior to the suit would be his known rights. He had certain rights he anticipated he would get.

Mr. MONTGOMERY: Well, no. You see, he had acquired this feeder. I think this feeder had been put in by the old Beauharnois company.

The CHAIRMAN: Section 7 says:

Should the company acquire the canal or feeder now belonging to Robert.

That just has reference there to the enlargement or extension of the feeder.

Mr. MONTGOMERY: Apparently, whatever the complication may be about that suit, I see in a deed, which you will probably be producing later on it recites,—a deed dated the 14th May, 1902, by which Joseph Bartholomew Robert sold and conveyed to the company certain described property—and the first item being the feeder of small canal.

Mr. WHITE: The Chairman is anxious at this stage to know what other property and rights were transferred at that time.

The CHAIRMAN: I am not concerned about the mills or anything of that character, but rights with respect to the waters.

Mr. MONTGOMERY: Well, at that time apparently there was that feeder and certain adjoining lands transferred in 1902.

Mr. WHITE: Were not certain rights claimed by Robert in the St. Lawrence river in addition to whatever rights there were to the feeder.

Mr. MONTGOMERY: I am just reading now from the recital in the deed, which you no doubt have, and the recital refers to a deed of sale by which Joseph Bartholomew Robert transferred to the company in 1902 the property described in the following manner—and I will read the description if you like:

The Feeder or Small Canal in Catherinestown, in the Seigniery and District of Beauharnois, constructed by the late Edward Ellies for the purpose of conveying water from the river St. Lawrence to the River St. Louis; together with about one-half an arpent of land in depth on the Easterly side and one arpent in depth on the Westerly side of said Canal along its whole length or whatever land there may be on either side of said Canal belonging to the said late Edward Ellies, whether more or less than that stated above, but without any guarantee whatever; also the Head Gates and other works, or land in connection with said Feeder or Small Canal. The said property is now known and distinguished on the Official Plan and Book of Reference of the Parish of Ste. Cécile by the Number Three hundred and forty-one (341).

That is all that is in the recital of that deed.

The CHAIRMAN: So that I think we are right in assuming, Mr. Montgomery, that the lease that was approved of by order in council 2168 of December 9th, 1909, for the first time referred to the right of the Robert heirs and which was turned over—

Mr. MONTGOMERY: No, I do not take it that way. I think that agreement or lease dealt with the head gates only, did it not, and whatever rights the government might have in the feeder.

Hon. Mr. MACKENZIE: I should like to have a chance of seeing the record in order to consider this thing intelligently.

The CHAIRMAN: I thought probably we might get a clear picture. It might not be with great accuracy but yet a picture of what was sold by the Robert heirs to the Beauharnois Light Heat & Power Co., and then compare that with the present project. If all the Robert heirs had to turn over was works on the feeder canal, and the right down where their mill was located, then the best

that could be said of the rights in comparison to the present project was that the Robert heirs really do not figure much in the picture at all. That is the way it would appeal to me.

Mr. MONTGOMERY: I do not think they did, I think while they acquired the rights of the Robert heirs, this feeder, this is to my mind more or less a new project which was authorized by the amendment to the charter.

Mr. LENNOX: Mr. White was going to read the lease.

Mr. WHITE: Here is what is stated in the lease. There are certain recitals, and I thought you would like to know what actually was acquired by the Roberts:—

1. That the lessees are entitled to a supply of water from Lake St. Francis and the River St. Lawrence into and through the said feeder,—the extent and nature of which have not been and will not now be determined.—

Mr. JACOBS: That is clear.

The CHAIRMAN: That is as clear as mud.

Mr. WHITE: (reading)

2. The lessees recognize and admit that the said head-gates controlling the supply of water to the feeder form part of the dyke along the shore of lake St. Francis and are the property of the Lessor as part of the said dyke, and that the Lessor is entitled to the control thereof subject to the right of the Lessees to require such supply of water as they may be entitled to.

And that raises a very nice question, I should say, as to whether their successors would be bound by that acknowledgment.

3. That the Minister in consideration of the rents, covenants, provisos and conditions hereinafter contained has granted, demised and leased, and by these presents doth grant, demise and lease unto the said Lessees all the said head-gates and accessories together with the use and enjoyment of so much water passing and to pass through the said gates as it may be possible for the Lessees to take, including also all the rights, if any he have, of the Lessor in the said feeder.

It appears to be a direct grant from the Dominion to Robert of all the water he can take through that feeder. Whether the Dominion had the right to make that grant or not may be subject to discussion. Now, that is what was actually granted.

Mr. MONTGOMERY: I do not know that that grant figures particularly now anyway.

Mr. WHITE: This appears to have been the thin edge of the wedge.

Mr. MONTGOMERY: Well, no. There was a charter there and certain rights which would have conflicted with this project. They acquired that and had it changed to an entirely different one.

Mr. WHITE: Well, it has been suggested that the claims ultimately were based on the ownership of this feeder or the right to use the water passing through the feeder.

Mr. MONTGOMERY: No.

Mr. WHITE: I say it is claimed that, Mr. Montgomery. That may not be the fact at all.

Mr. MONTGOMERY: At the time that they applied to Quebec they changed that charter, because the rights,—undoubtedly those rights you have referred to were vested in that company and still are, and they still hold them for what they are worth,—and still pay the rental on that feeder canal which they are not using at all for this purpose.

Mr. WHITE: Then we pass on to order in council P.C. 3136, 18th December, 1920, which will be Exhibit No. 13. That is an order in council amending the terms of the lease of the 10th December, 1907. That is the lease referred to in order in council P.C. 2168 of 1909. This one is not so long.

Mr. MONTGOMERY: That has to do with the Canadian Light and Power Company.

Mr. WHITE: Quite so. Then we are not concerned with that.

Then the next one is P.C. 1198, 30th July, 1926, marked "permission to the Canadian Light & Power Company to replace or reconstruct certain works referred to in clause 3 of the 10th, December, 1907", and with that again we are not concerned.

The next one is P.C. 1465, 23rd July, 1927, marked "permission to the Canadian Light & Power Company to remove the swing bridge over lock 13". Again I think I need not trouble the committee with that.

The CHAIRMAN: Those last three orders in council, P.C. 3136, P.C. 1198 and P.C. 1465 we are not concerned with. Are we numbering them as exhibits.

Mr. WHITE: I would suggest that we should, Mr. Chairman, in case any question arises as to whether the committee has fully examined all the orders in council pertaining to the project.

The CHAIRMAN: They will be numbered then, 13, 14 and 15.

Sir EUGÈNE Fiset: Will they be read into the record.

Mr. WHITE: I think not. I think perhaps it would be sufficient to say, from the discussion which has taken place here, that these have simply been examined and are not pertinent to the question before the committee. That same thing applies to P.C. 2239 dated 22nd December, 1928, authorizing the renewal of the lease of the Canadian Light & Power Co.

Then there are no plans attached to any of these, and I suggest, Mr. Chairman, that perhaps they might be photographed and copies supplied and returned to Mr. Lemaire.

Sir EUGÈNE Fiset: Mr. Chairman, do I understand that only Order in Council P.C. 2168 has any reference to the Beauharnois, of the Orders in Council produced to-day.

Mr. MONTGOMERY: I think that is correct.

The CHAIRMAN: P.C. 2168 of 1909 is the only Order in Council that has a direct bearing on the Beauharnois project, as I see it. These other Orders in Council to which reference has been made I think they were right in referring to them because the Reference is quite wide, and we can at least say we have examined them and found they have no bearing.

Mr. WHITE: More for the purpose of elimination.

By Mr. White:

Q. Now, Mr. Lemaire, as clerk of the Privy Council will you tell the committee whether the Orders in Council which you have now produced are all of the Orders in Council referring in any way to this project.—A. So far as I know, sir.

Q. Well, do you know? You have searched to find out.—A. I have searched, sir, and to the best of my knowledge those are the only Orders in Council. I mentioned to you before that a complete file of these things would be over in the department concerned more readily than in my custody, because of the difference in the system of filing.

Mr. WHITE: I have mentioned that to the committee, but there was a purpose in asking you, as the clerk of the Privy Council, to make a thorough search.

The CHAIRMAN: We go right to the fountain head for our information.

Sir EUGÈNE Fiset: The head is dry.

Mr. WHITE: I am proposing now to take up with the committee the plans attached to Exhibit 1, that is, Order in Council 422, and if my learned friends desire to ask Mr. Lemaire anything perhaps now would be a convenient time.

Mr. MONTGOMERY: We do not want to ask him anything.

Mr. WHITE: Apparently nothing is required of Mr. Lemaire. Then we will not need you for a while, Mr. Lemaire.

The WITNESS: I understand, Mr. Chairman, that the orders that were left here yesterday have been copied, so that they can be released to me now.

The CHAIRMAN: I am informed that the orders which have been produced have been copied and certain copies are available and, with your approval, I suggest that Mr. Lemaire be permitted to take those originals back to the Privy Council because they should not be left out of his possession.

The WITNESS: The same thing applies to those that I am leaving this afternoon.

The CHAIRMAN: Yes, that is quite satisfactory to the committee.

Mr. WHITE: They have not yet been copied, Mr. Lemaire.

The WITNESS: I understood they had been.

Mr. WHITE: Whatever data we have mentioned here we were to have photographed, I understood, and copies supplied.

Witness retired.

JOSEPH A. DROUIN, called and sworn, examined by Mr. White.

By Mr. White:

Q. You, Mr. Drouin, I understand are in the Department of Public Works.

—A. Yes, sir.

Q. And in charge of the records.—A. The Records Office.

Q. And you have, at my request, compared the original 12 plans which were filed yesterday by the Clerk of the Privy Council as part of Exhibit 2 with the plans which you now produce from your department, and what do you say as to whether they are identical.—A. They are identical, sir.

Q. And you can leave your plans with us.—A. Yes.

Q. So that these may be returned to Mr. Lemaire. The plan which you now produce and which will be marked as Exhibit 2A is substituted for the original Exhibit 2.

The CHAIRMAN: There were 12 plans and these are copies.

Mr. WHITE: Yes.

By Mr. White:

Q. You have also produced a small parcel of papers from your department. Will you tell me what they are?—A. They are all the papers contained in the file referring to the application of the Beauharnois Light Heat & Power Co.

Q. Have you any other documents in the department relating to what is called the project of the Beauharnois Light Heat & Power Co. or the Beauharnois Power Co.?—A. I think those are the only files we have, as far as I know.

Q. And you have searched to find out?—A. I have searched to find out.

Q. Carefully?—A. Carefully, yes, sir.

Q. And you say that these are the complete documents?—A. Yes, sir.

Q. Now, this bundle starts with file 804-1B and is entitled Department of Public Works, Beauharnois Power Development, File 804-1B, December 29, 1927, to July 14, 1928?—A. Yes.

Q. Containing how many pages?—A. 223 pages.

Q. 223 pages?—A. Yes.

The CHAIRMAN: Are you going to read all of it.

M. WHITE: Undoubtedly. I have read them all already.

By Mr. White:

Q. 804-1C is the next file.

The CHAIRMAN: Are we putting those all in as one exhibit?

Mr. WHITE: I thought so, sir.

The CHAIRMAN: They will go in as exhibit No. 17.

By Mr. White:

Q. 804-1C, the file from July 16, 1928, to December 17, 1928.—A. Yes.

Q. Containing 287 pages?—A. Yes.

Q. 804-1D, containing 280 pages, is the file from December 17, 1928, to April 15, 1929?—A. Yes, sir.

Q. The next file is 804-1E, from April 17, 1929, to December 28, 1929, containing 208 pages?—A. Yes, sir.

Q. Correct?—A. Yes, sir.

Q. And the next file is not completed yet, I understand. It is from December 28, 1929, to the 16th of June 1931?—A. Yes, sir.

Q. 173 pages?—A. Yes, sir.

Q. Now, there is just one document I would like you to find for me if you can, and that is a letter from the Minister of Public Works to the Minister of Railways and Canals on or about January, 1929, requesting the services of one of the engineers of the department to act on a joint committee to consider the proposal of the Beauharnois Light Heat & Power Co. This is the letter that I wish to refer to. It is in file 804-1D, and is a letter dated January 9, 1929, or a copy of a letter rather, from the Minister of Public Works.

The CHAIRMAN: Do you want that in as a separate exhibit?

Mr. WHITE: No. I am just referring to it, sir. It is from the Minister of Public Works to the Honourable Charles Dunning, Minister of Railways and Canals. It says:

The Beauharnois Light Heat & Power Co., have applied to the governor in council for approval of it proposed development and in connection therewith makes application for all such authority from the Dominion government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use, an initial flow of 40,000 cu. ft. per second.

That is important, it seems to me, as the views of the Minister at that time as to what the substance of the application was:

application for all such authority from the Dominion government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cu. ft. per second.

The CHAIRMAN: What is the date of that letter?

Mr. WHITE: January 9, 1929, sir.

the application is dated January 17, 1928, and a copy was sent to you as Minister of Railways and Canals.

The proposed works with the consequent diversion of the waters of the St. Lawrence River are directly of interest to your department in the possible effect on the Soulanges Canal, on the Beauharnois Canal, leased to the Canadian Light and Power Company, and the dyke known as the "Hungry Bay" dyke on the south side of Lake St. Francis. You have

had from the Beauharnois Light Heat & Power Company an application in connection with the Hungry Bay Dyke, and have had from the Canadian Light and Power Company an application in connection with the enlargement of the Beauharnois Canal, and you will no doubt wish to assure yourself that the interest with which your department is charged is fully safeguarded.

Since the appointment of the first International Board of Engineers on the St. Lawrence river study the Engineers of your department have played the leading part in this study, and this has comprised a period of some eight years, being commenced under the late Chief Engineer, W. A. Bowden, and subsequently carried on under the chairmanship of D. W. McLachlan by the enlarged International Engineering Board.

The first International Board of Engineers was appointed in 1920 and the report of the enlarged Engineering Board, which was appointed in 1924, was dated November 16, 1926, so that the matter may be considered to have been under close and special engineering study for practically eight years. The Engineers of this department did not take part in these studies, and therefore have not the knowledge which comes from such an intimate study of a problem of unusual magnitude.

While the report of the enlarged Engineering Board made in 1926 gives its findings and considerable information on which the recommendations, or findings, are based, yet the experience gained in making the studies and the detailed information available in support of the findings will be of the utmost value in a study of any proposal of part of the scheme, especially of a scheme of the magnitude of the proposed Beauharnois work.

I feel that, in view of the recommendations made by the original International Board and of the recommendations made by the enlarged Engineering Board in 1926, through the government of Canada and the United States, and in view of the direct interest of your department in the possible effects of the works proposed on navigation, it would be highly desirable to have the knowledge, assistance and advice of your engineers on this matter, and trust you will see fit to instruct Mr. D. W. McLachlan to give the Chief Engineer of this department his fullest cooperation in advising and assisting in the study which is necessary before a pronouncement may be made.

In view of the very great importance of this matter, I am asking Mr. Stewart also if he would direct Mr. Johnston, Director of the Water Powers Branch, to give a similar degree of attention to this matter as asked through you of Mr. D. W. McLachlan.

The CHAIRMAN: That letter is from?

Mr. WHITE: From the Minister of Public Works to the Minister of Railways and Canals, from Mr. Elliott to Mr. Dunning.

By Mr. White:

Q. A similar letter was sent to the other department, I understand.—A. The Department of Interior.

Mr. WHITE: The bearing of that is this, as I see it, Mr. Chairman: While I have taken the liberty of reading it now, it will appear later that a committee of engineers, composed of Mr. McLachlan, Mr. Johnston, Mr. Cameron, the Chief Engineer of the Department of Public Works and a Mr. Cote, another engineer of that department, I think, made a report which I shall have to lay before you, and this is apparently the way in which that committee of engineers was gotten together.

Sir EUGÈNE Fiset: That report has already been mentioned in P.C. 422.

Mr. WHITE: I am afraid I will have to trouble the committee with the whole report because the extract does not quite, I think, bear out what was actually in the report, and there may be some evidence in regard to that.

That will be all unless my learned friends wish to ask Mr. Drouin something.

The CHAIRMAN: With respect to those now that have been marked as Exhibit 17 have you been able to determine whether or not we will have to go through those files.

Mr. WHITE: Well, that raises a question that has been bothering me for some time, Mr. Chairman, and it is this: It is a tremendous task to go through those files and ascertain what documents are or are not pertinent. If Mr. Morin and I had someone who could do that for us it would help a great deal, because it is going to be impossible for us sitting from day to day to keep the committee employed if we have to peruse files of this magnitude.

Mr. JACOBS: I would suggest that you turn them over to the Chairman to read carefully to-night and then report to us.

Mr. WHITE: Why not the Prime Minister, he has not anything to do.

Mr. JACOBS: Well, he is not on this committee.

Mr. WHITE: However, we will not be taking them up to-day, and that is a matter that could be considered. I thought perhaps by some such means as that considerable time of the committee might be saved, and if Mr. Morin and I had the services of some junior counsel here on whom we could rely and who would do that work for us, it would help a great deal.

Sir EUGÈNE Fiset: Mr. Chairman, may I ask if a precis has been prepared of any of those files. If so, I think it would simplify the work a great deal.

Mr. WHITE: There is no such thing, Sir Eugène. And then, of course, it may be a matter of opinion as to what is or what is not pertinent.

Sir EUGÈNE Fiset: You had better peruse them yourself.

Mr. JACOBS: Mr. Gardiner really raised this whole question, and I think it ought to be a punishment to him to read them.

Mr. WHITE: Mr. Gardiner, as a matter of fact, has done a tremendous amount of work in connection with the matter.

Mr. JACOBS: Well, if he has gone through them and is satisfied, we will be satisfied.

Mr. WHITE: We will find some way of going through them so that the committee will have everything before them that is of importance.

This is the plan which was attached to Exhibit 1, or rather referred to in Exhibit 1. This first one appears to be the general plan of the work. This is entitled The Beauharnois Light, Heat and Power Company, Hungry Bay, Melocheville Project, General plan of Proposed Development, Typical Canal Sections for 40,000 C.F.S. diversion. It is on a scale which is not mentioned, and this appears to have been prepared by Frederick B. Brown, M.S.C., consulting engineer, Montreal.

Mr. STEWART: Is the date there, Mr. White?

Mr. WHITE: There is no date on it. It is marked here by Mr. Lemaire as P.C. No. 422.

The location of the entrance to the proposed canal becomes of some importance, and the engineers will have to speak as to whether the actual canal is in the location shown upon this plan, my understanding being—and I do not want this to be accepted as my stating the fact—that there is considerable difference in the location of the entrance to the canal.

You will observe that the width of the canal is not mentioned in figures upon this plan; but I am informed—and there will be evidence to the effect—that the scale shows it to be about 4,000 feet.

The CHAIRMAN: At Lake St. Francis?

Mr. WHITE: No, practically all the way. At Lake St. Francis it is very much narrower.

Sir EUGÈNE Fiset: Are you sure that those two diagrams at the end do not mention the width.

Mr. WHITE: Yes, I think they do. As Sir Eugene has pointed out, the cross-sections on the right-hand side of the plan do show it to be a width of 4,000 feet. And apparently the bottom elevation for part of the distance, is shown in both of these sections, and the rest of the 4,000 feet is shown to be below.

The plan indicates the relative position, of course, of Valleyfield, and it shows that the entrance to the canal is quite narrow, I should say 600 feet, according to the scale. It may be a little more or a little less.

Sir EUGÈNE Fiset: But, Mr. White, that is the ground plan. There is nothing whatever to show the depth of the water of the canal itself.

Mr. WHITE: It just shows the location of the plant.

Sir EUGÈNE Fiset: It is what is called the ground plan. The engineer of the department will bear me out in that.

Mr. WHITE: The cross-sections show the depth of the water elevation, and the elevation of the bottom of the ditch both at the deep part and the shallow part. I think that is all.

There is also a plan—

The CHAIRMAN: That is one of the small plans of the 12.

Mr. WHITE: Yes, showing some detail of control works, called plate No. 5, 29—15 feet by 17 feet—

Sir EUGÈNE Fiset: Those are detail plans.

Mr. WHITE: No, I do not think they are detail plans. They are general plans.

Sir EUGÈNE Fiset: But surely they are detail plans.

Mr. WHITE: I would not call them detail plans. I need not bother you at this stage anyway with anything further about that.

Mr. MONTGOMERY: Are you giving those plans any special number?

Mr. WHITE: They are all part of Exhibit 2A. Then this is a typical cross-section through a unit by the power house, and the plan of the power house No. 1. It is made by W.S.L., Walter J. Francis & Co., consulting engineers, and is dated May, 1927.

Then this is a plan, plate No. 1, it is called, entitled Plan Showing Location of Control Works, etc.

Plate No. 8, site of hydraulic gradings and cross-section looking downstream from the dock.

Then there is plate No. 7, profile showing water surface lines of St. Lawrence river along proposed navigation channel and location of control and remedial works considering the diversion of 40,000 cubic feet per second from Lake St. Francis. The engineers will have to enlighten you about that.

Then there is a plan—it is called Hungry Bay-Melochville project, profile section of control works, etc., prepared by Brown, Hogg & Lee, and it is called Plate No. 2.

Sir EUGÈNE Fiset: Are the details on the right-hand of your diagram there.

Mr. WHITE: I do not know enough about it to say whether they are details or not.

Then Plate No. 4 is a diagram of present water levels of the St. Lawrence for given discharges considering sections AA to HH in red from Coteau Landing to Coteau du Lac.

Then there is Plate No. 3, which is a curve showing the relation between gauge readings at Coteau Landing and Lake St. Francis and discharges of the St. Lawrence river.

Plate No. 9 is a set of hydraulic gradings.

Plate No. 6 is a plan showing proposed route for river navigation and location of proposed control and remedial works considering a diversion of 40,000 cubic feet per second.

This is a small plan showing pretty well the remedial works in the river.

The next and last is Plate No. 10 showing a set of hydraulic gradings. It appears to deal with the location and the quantity levels and velocity. Those are the 12 plans that are attached to the order in council.

By Mr. White:

Q. Now, Mr. Drouin, have you a plan in your department showing how this project is being completed, a plan giving the same information as to the finished project, the same as those 12 plans.—A. I do not think we have, sir.

Q. You think you have not.—A. No.

Mr. MONTGOMERY: They have plans, later plans.

Mr. WHITE: Mr. Christie was kind enough to say that he would let me have a plan—

The CHAIRMAN: The working plans that you are now working to.

Mr. MONTGOMERY: Yes.

Mr. CHRISTIE: It is in one of the documents that we gave you, Mr. White.

Mr. WHITE: Mr. Christie was kind enough to give me a letter dated August 22, 1930, from the Beauharnois Light, Heat and Power Co., by Hugh B. Griffith, secretary treasurer to Mr. Hunter, Deputy Minister of Public Works, Ottawa, which is as follows:

In pursuance of Condition No. 11 of the Order in Council of the 8th March, 1929 (P.C. 422), approving the site and the general plans thereto annexed for the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now, after consultation with the engineers of your department, submitting for your approval the following:

Document No. 60: "Detailed Plans of Construction and Information for the Minister of Public Works, etc.," dated August 20, 1930, containing Memorandum of Information, and—

Drawing No. 291-60-1; General Plan and Profile of Proposed Development, dated August 20, 1930.

Drawing No. 291-60-2; Typical Cross Section of Canal and Embankments, dated August 20, 1930.

Drawing No. 291-60-3; Plan showing Forebay, Powerhouse and Tail-race, dated August 20, 1930.

Drawing No. 291-60-4; Preliminary Cross Sections through Powerhouse and adjacent Structures, dated August 20, 1930.

Drawing No. 291-60-5; Preliminary Sectional Plan of Powerhouse, dated August 20, 1930.

Drawing No. 291-60-6; Plan showing Location and Details of Dams Nos. 1, 2 and 4 for Control Works, dated August 20, 1930.

Drawing No. 291-60-7; Plan showing Location of Canal in Relation to Properties Controlled, dated August 20, 1930.

The plans and documents listed above are intended to supersede those enclosed with our letter dated July 29, 1929 to the Minister of Public Works.

Mr. MONTGOMERY: You will find the letter of July 29, in that file too.

Mr. WHITE (reading):

We shall be glad at any time to send a representative to furnish any further information or explanations which you may wish to have.

Mr. LENNOX: What is the date of that letter.

Mr. WHITE: August 22, 1930.

The CHAIRMAN: From?

Mr. WHITE: From the Beauharnois Light, Heat and Power Co., per Hugh B. Griffith, Secretary Treasurer, to Mr. Hunter, Deputy Minister, Public Works Department.

The CHAIRMAN: You are putting it in as an exhibit.

Mr. WHITE: I will put in the letter and plans attached as Exhibit 19. Letter dated August 22, 1930, with accompanying documents:

The CHAIRMAN: And attached to that letter are the plans.

Mr. WHITE: Yes. The original of that letter is on page 34 of Exhibit 17, 804-1F. That is the current file.

Then what I would like to just refer to here before I turn up the letter is the drawing No. 291-60, which general plan and profile of proposed development is dated August 20, 1930. That shows—and we will be able to speak more accurately of it when we have an engineer here who will explain it—the width of the canal to be 3,348 feet, reports of the department, and apparently it is the same width at the intake at Lake St. Francis. It shows the dock which I have spoken of quite clearly, which is at present across the entrance to the proposed canal and which will have to be bridged.

The CHAIRMAN: Bridged to that width, will it.

Mr. WHITE: Apparently.

Mr. MONTGOMERY: The whole width.

Mr. WHITE: The actual construction, from reports which I have seen in the department, is about 3,308 feet instead of 3,348. The deep part of the canal is shown on the north side of the canal as it is being constructed. The engineer will be able to speak as to the change in the location here, and there is some question about certain curves. I understand, however, that the work has been constructed according to the plan on which it is being constructed, conforming to the 65,000 feet.

Mr. WHITE: That is the only one of these plans which I desire to bring to the attention of the committee at present.

There is a letter here referred to, to which Mr. Montgomery called my attention, of July 29th, 1929. I shall file a copy of this letter. The letter is found on page 143 of exhibit 17, 804-1 E. It is from the Beauharnois Light Heat and Power Company, and addressed to Hon. J. C. Elliott, M.P. It is signed by R. O. Swezey, president, and Hugh B. Griffith, secretary. The letter is as follows:—

In pursuance of condition No. 11 of the order in council of the 8th March, 1929 (P.C. 422), approving the site and the general plans thereto annexed for the works proposed to be constructed by this company along the St. Lawrence River between Lake St. Francis and Lake St. Louis, we are now submitting for your approval three documents or books as follows:—

- Document No. 19: Detailed plans of construction and information for the Minister of Public Works, etc., dated 9th May, 1929, containing memorandum of information and,—
- Drawing No. PQ-31-P-21: Plan showing location of structures, dated April 1, 1929.
- Drawing No. PQ 31-P-22: Plan showing location of structures, dated April 1, 1929.
- Drawing No. PQ-31-P-23: Preliminary cross-sections through power house and adjacent structures, dated April 1, 1929.
- Drawing No. PQ-31-P-24: Preliminary sectional plan of power house, dated April 1, 1929.
- Drawing No. PQ-31-P-25: Typical section through canal, dated April 1, 1929.
- Drawing No. PQ-31-P-26: General plan and profile of proposed development, dated April 1, 1929.
- Drawing No. PQ-31-P-27: Map showing lands affected, dated April 1, 1929.
- Drawing No. 291-6-P20: General plan and profile showing location of control works, Dams 1, 2 and 4, remedial works, Cribs Nos. 5 to 14, dated April 20, 1929.
- Drawing No. 291-6-P21: Plan showing location and details of Dams Nos. 1, 2 and 4, and Cribs Nos. 5 and 6, dated April 20, 1929.
- Drawing No. 291-6-P22: Plan showing location and details of rock fill cribs Nos. 7 to 10, dated April 20, 1929.
- Drawing No. 291-6-P23: Plan showing location and details of rock fill cribs Nos. 11 to 14, dated April 20, 1929.
- Document No. 19 A. 'Plans of the Lands Affected,' dated 9th May, 1929, containing description and,—
- Drawing No. 291-2-13 (PQ-31-P-27): Map showing lands (hatched), dated April 1, 1929.
- Drawing No. 291-3-11: Plan of deepwater lot in Lake St. Francis near Grosse Pointe, dated April 20, 1929.
- Drawing No. 291-3-12: Plan of deepwater lot in Lake St. Louis near Melocheville, dated April 20, 1929.
- Drawing No. 291-3-13: Plan of deepwater lot in St. Lawrence River at Coteau Rapids, dated April 20, 1929.
- Drawing No. 291-3-14: Plan of deepwater lot in St. Lawrence River near Ile Juillet, dated April 20, 1929.
- Drawing No. 291-3-15: Plan of deepwater lots in St. Lawrence River near Village of Les Cedres, dated April 20, 1929.
- Drawing No. 291-3-16: Plan of deepwater lots in St. Lawrence River in Split Rock and Cascades Rapids, dated April 20, 1929.
- Document No. 19B: 'Plan and specification for proposed diversion of St. Louis River and of St. Louis Irrigation Ditch' dated May 9, 1929, containing specification and,—
- Drawing No. 291-25-P4: Profiles and sections of St. Louis River and sections of St. Louis Irrigation Ditch showing existing and proposed conditions.

We shall be glad at any time to send a representative to furnish any further information or explanations which you may wish to have.

Mr. WHITE: We have at first a general plan which was attached to exhibit one; we have a plan sent on July 29, 1929, called "general plan and profile of proposed development—"

Mr. MONTGOMERY: Are you putting those plans in also?

Mr. WHITE: Are they here?

The CHAIRMAN: Tell me this, at this juncture, without going into details, are the plans that you are presently working to very materially changed or altered from the plans that you submitted and that became part of the order in council P.C. 422?

Mr. MONTGOMERY: Not greatly. There is a change on the intake. You might have noticed in the plans submitted that the entrance is I think, 1,100 feet, and that is broadened out to 4,000. Section 5 says 4,000 straight through. That is the point referred to in the July 29th letter, and the third plan shows 3,348, is it?

The CHAIRMAN: The third plan, is that your working plan?

Mr. MONTGOMERY: Yes.

Mr. WHITE: When you say "working plan" you mean—

The CHAIRMAN: The plan presently working to.

Mr. WHITE: I understand that the intake of Lake St. Francis has been moved a considerable distance from its location according to the plan attached to exhibit No. 1.

Mr. MONTGOMERY: I do not know that it has been moved; it has been widened.

Mr. WHITE: The location is quite a distance south of where it originally was, as I understand it.

Mr. MONTGOMERY: It has been widened there.

Mr. WHITE: I think you will find on examination of the plan,—

Mr. MONTGOMERY: As they got on the ground there were certain changes due to the finance and nature of the rock.

Mr. WHITE: Exactly. Now, Mr. Montgomery has mentioned it, I did not intend to mention it at this stage but I am told that, and there will be evidence to the effect, when they took their boring, they found they could dig more cheaply by moving the entrance from Lake St. Francis about a half mile or a little better. I put in the letter of July 29th, which was furnished me by the company, and a copy of the plan therein referred to, as furnished by the company to me.

Sir EUGÈNE Fiset: These are the second plans and the third plans.

Mr. WHITE: Yes.

The CHAIRMAN: Exhibit No. 18 is a letter dated August 22nd, 1930 from the Beauharnois Company to J. B. Hunter with plans attached. You refer now to a letter which appears on page 34 of exhibit 17? Now, is this another letter?

Mr. WHITE: This is a copy of that letter which I am filing for convenience with copies of the plans referred to in that letter.

Mr. STEWART: Another plan entirely? The one that you have there is dated July 29th, 1929?

Mr. WHITE: Exactly.

Mr. STEWART: The other one was August 22nd, 1930.

Mr. WHITE: General Stewart, the letter of August 22nd refers to a letter of July 29th, and the plans attached are sent with the August letter in substitution of the plans sent with the July letter, and I am now filing the July letter, or at least a copy of it, as a separate exhibit with the plans which were attached to the July letter, or copies of the plans.

The CHAIRMAN: Exhibit No. 19.

Mr. STEWART: There are three sets of plans?

Mr. WHITE: Yes, the original attached to exhibit 1; there is one in July with a letter of July 29th, and one with a letter of August 22nd.

Mr. MONTGOMERY: July 29th, 1929, and August 22nd, 1930?

Mr. WHITE: Yes.

Mr. MONTGOMERY: One year later

Mr. WHITE: A year and a bit.

Mr. MONTGOMERY: A year and a bit.

JAMES B. HUNTER, a witness called and being duly sworn, testified as follows.

SIR EUGENE Fiset: May I ask if exhibit 19 contains the plans on which the company is working at the present time?

Mr. WHITE: I was just going to ask Mr. Hunter that very question.

SIR EUGENE Fiset: Now, we have at the present time, three sets of plans that have been submitted to the committee; first there is the plan attached to the order in council; secondly plans dated August 22nd, 1930, and thirdly, plans dated 29th July, 1929. There are three sets of plans.

The CHAIRMAN: We are going to get over to the working plans very shortly.

Mr. WHITE: That is the very reason why I asked Mr. Hunter to be called.

By Mr. White:

Q. Mr. Hunter, you are the Deputy Minister of Public Works of Canada?—A. Yes.

Q. And have been in the department, I understand, for a number of years?—A. Thirty years.

Q. About 22 years?—A. Thirty years.

Q. And Mr. Drouin has been, I understand, instructed by you to produce for our inspection all of the documents in the file or files of the department of which you are deputy, relative to the Beauharnois project?—A. Those.

Q. Speaking of them by and large, these five files comprise everything from the date of the application back in 1927 or 1928, and there is no other file in the department that refers to these matters?—A. In this application, no sir.

Q. Is there, or is there not?—A. No.

Q. You say "in this application". Do I infer from that that there may be another file dealing with the Beauharnois matter?—A. No. There are other files, that I had in mind, dealing with other applications for development in this Soulanges section of the St. Lawrence river, entirely different, nothing to do with this application.

Q. I see. Now, while the matter is fresh in my mind, and at the suggestion of one of the members of the committee, are you able to tell us, not from first hand information, of course, but from the reports of your inspecting engineers, the inspecting engineers of the department, whether the Beauharnois Power canal, shall we call it, the works authorized by order in council, 422, exhibit 1, are being constructed in accordance with either the general plans attached to exhibit 1, or the general plan which was sent to your department with a letter of July 29th, 1929, or with the plan, the general plan sent to your department with a letter of August 22nd, 1930?—A. The plan—

Q. Or any of them.—A. The plans accompanying the letter of August 22nd, 1930, are practically the detailed plans called for by that condition in the order in council.

Q. I am not asking that at all. What I was asking was as to the general plan, not the detailed plan.—A. Well, the detailed plan is what they work to.

Q. Well, I appreciate that, but there is a general plan attached to exhibit 1, which is the original.—A. That was filed with the application.

Q. Yes.—A. And approved.

Q. Yes. There is a general plan sent you in July 1929 and another general plan—I am not talking of detailed plans—a general plan sent to you in August, 1930. Now, I am asking you if any of those plans are the ones under which this work is being actually constructed?—A. August 22nd, 1930, I would say.

Q. Are you satisfied that you are correct when you say that?—A. That is my opinion. The engineers are in charge of that. That is what I am informed. As you said, I cannot have it first hand.

Q. You are informed?—A. Second hand, by the engineers in charge.

Q. By the engineers in charge of construction?—A. By the engineers in charge of construction, yes sir.

Q. The department, I understand, is so interested in this work, that they find it necessary to have engineers on the work practically continuously to determine the quality of work, as it proceeds?—A. That is correct.

Q. And you get reports, which are in these files, from time to time, from your engineers, and from these reports, I take it, you have come to the conclusion that the plans, according to which the works are actually being done, the general plan is that of August 22nd, sent you with the letter of August 22nd, 1930?—A. That is correct.

Q. The actual width of this canal as dug, according to your reports, is, I understand, 3,308 feet?—A. Not as dug, no.

Q. No?—A. That is the distance between the dykes.

Q. Well, that is what I mean.—A. There is quite a difference.

Q. And the dykes themselves, of course, are an integral part of the, shall I say, construction of the canal?—A. Oh, quite.

Q. And, originally—

Mr. HELLMUTH: Should not this witness, who certainly is familiar with the matter, give the evidence rather than counsel? I do not want to take a technical objection, but it seems to me this witness must be able to give evidence as to what is being done without being led or rather having the answers almost put in his mouth? I do not know it is very material, but it may be at a later stage.

The CHAIRMAN: I think, Mr. Hellmuth, that if we can make a little headway by allowing counsel to lead in connection with these matters that we may save time, and when the occasion arises where counsel is probably leading and unconsciously giving a wrong impression of what the witnesses' evidence is, we will stop it.

Mr. HELLMUTH: It seems to me that the first plan that was filed with the order in council issued the general work while the other plans that were sent forward with these letters were exactly what this witness has stated, detailed plans, and I think perhaps the committee at a later stage might see that the general plans and the detailed plans stand upon exactly the same—

Mr. WHITE: There is no question about that. My learned friend is quite right in his last statement, just as right in his last statement as I think he was wrong in his first statement.

Reference was made when I was reading the order in council—my friend was not here—to the fact that these conditions, particularly the one paragraph which said that the detailed plans were to be approved by the minister. But I was not referring to that, and you did not understand that did you, Mr. Hunter, or did you?

The WITNESS: Well, the position is as Mr. Hellmuth states, the general plan and the detailed plans are practically the same, except one is more elaborate than the other, covering the same ground.

By Mr. White:

Q. Well, what I want to get at, and I must ask you the question fairly, is this work being constructed according to the general plan attached to exhibit 1, the original order in council 422?—A. From my knowledge I would say substantially it is.

Q. Well— A. But you will have to get the engineers to tell you that.

Mr. WHITE: All right.

Hon. Mr. CANNON: Mr. Chairman, we will appreciate very much if arrangements could be made so that the witnesses would stand somewhere so that we will be able to hear them.

Mr. WHITE: It is a question, Mr. Cannon, whether the committee or counsel is going to hear the witness.

Hon. Mr. CANNON: I suppose both should hear.

Mr. WHITE: It is pretty difficult to arrange it.

By Mr. White:

Q. You say substantially, but it is a matter that really ought to be answered specifically.—A. The engineers will speak for that.

Q. They will be able to tell us?—A. They will be able to tell you exactly in what respects any departures have been made. My understanding is they are only minor ones, and substantially the plan is being adhered to.

Q. The reducing from 4,000 feet to 3,308 feet, is that a minor difference?—A. Well, that would be a matter that would have no significance for us, because we are just interested in the navigation end of it.

Q. Are you prepared to say it would not affect navigation?—A. No, it is an engineering question.

Mr. HELLMUTH: I did not get that.

Mr. WHITE: He said, "that is an engineering question."

The WITNESS: That is an engineering question, was my answer.

By Mr. White:

Q. Are you able to tell me, Mr. Hunter, whether, as appears by the files which you say are the only files in the department, relating to this application, there is any approval by the Minister evidenced in these files of the plans attached to the letter of July 29th, or sent with it, or the plans sent with the letter of August 22nd, 1930?—A. None.

Q. None. May we take it that there was no approval by the minister of those plans?—A. The minister has never approved of any plan.

Mr. JACOBS: You hear better, now, don't you, Mr. Cannon?

Mr. WHITE: He said the minister has never approved of any plan.

Q. Do you know why the work proceeded without the approval of the minister of the plans?—A. Well, the work that had been done is entirely on the company's property, not in the river. I suppose that was their business.

Q. I am not talking about the doing of the work, exactly. I have reference to a paragraph to the original order in council which provided for the approval of the minister to the detailed plans.

Mr. JACOBS: I cannot understand. Mr. Hunter says the minister has never approved of any of these plans.

Mr. MACKENZIE: Detailed plans.

Mr. WHITE: Any plans.

Mr. JACOBS: Any plans. The work is proceeding all the time.

The WITNESS: The work has been proceeding, yes sir.

By Mr. Jacobs:

Q. You say you have engineers of the department down there watching the progress of the work?—A. Yes, we are keeping tab of the work.

Q. Keeping tab of the work without the Minister approving seems to me to be a little bit extraordinary.—A. That is the situation.

Mr. MONTGOMERY: You understand, Mr. Jacobs, the work which is proceeding now is entirely on the company's private property, and is not in any way connected with the St. Lawrence river at all.

Mr. JACOBS: If the engineers are watching the progress of the work—

Mr. WHITE: My friend is putting a wrong interpretation on the order in council, I am afraid. Article 12 says:

No work in the St. Lawrence River shall be undertaken until a program of construction shall have been submitted to and approved by the Minister.

Mr. MONTGOMERY: No one is contending anything to the contrary, Mr. White. There is common ground between us. We have filed these plans for approval, but until we do something interfering with navigation, surely the department has nothing to do with what we are doing on our own private ground.

Mr. WHITE: Exactly. That is what I say. My friend is taking refuge under the wrong paragraph.

Mr. MONTGOMERY: No.

Mr. WHITE: I should like to call your attention to paragraph 11, they are two distinct paragraphs. Paragraph 12 refers to works in the St. Lawrence river, and 11 refers to the plans of construction. Paragraph 11 is as follows:

The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

Mr. MACKENZIE: What does "works" mean?

Mr. WHITE: Works referred to in the order in council, the whole of the works.

The CHAIRMAN: And is reflected in the plans which were approved and attached to the order.

Mr. WHITE: Absolutely.

Mr. MONTGOMERY: As Mr. Hunter says, the Minister has not approved of any plan up to date, to draw water from the St. Lawrence river. The department are fully acquainted with the plans of the works, and they must grant or refuse approval, as the case may be, before the St. Lawrence is diverted into the canal.

Mr. JACOBS: What are the government engineers doing down there?

Mr. MONTGOMERY: Following the operations, because the canal is intended for the purpose set out in the plans. It is quite true that the plans have not been approved definitely, but that is—

Mr. JACOBS: Do you mean to say that the company is going on with an undertaking costing hundreds of thousands of dollars, which have not been approved, and which the Minister may refuse to agree to?

Mr. MONTGOMERY: There is no substantial change in the plans.

Mr. WHITE: My friend does not realize, surely, what paragraph 11 says.

Mr. JACOBS: Perhaps not.

Mr. WHITE: It says,

the company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

Mr. JACOBS: They began construction of the work the very day they put a shovel in the earth and threw it up.

Mr. WHITE: In other words, they ought to have the approval of the Minister before they start at all.

Mr. MONTGOMERY: I do not think my friend is serious, now.

Mr. WHITE: I was never more serious in my life.

Mr. HELLMUTH: I would submit, Mr. Chairman, and gentlemen, that you have to turn to the act respecting the protection of Navigable waters, and find out what works the Dominion can direct to be done, and the only works that they can direct at all is under section 4 of that Act.

No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed, and maintained in accordance with plans and regulations approved or made by the Governor in Council.

Anything they have built is not a work interfering with any navigable water at all. When that work is attempted, and those works are done then we have to go into the St. Lawrence under certain specifications and plans, and then nothing can be done until it has been approved. Apparently approved plans have been sent in in regard to that work, originally, but what we are doing on our own lands now may possibly be of no value to us until the government approves, or the Governor in Council approves of the work—

Mr. LENNOX: What is the object of section 11?

Mr. HELLMUTH: —that is proposed to be done in the river itself. Section 11 can only refer to—

The CHAIRMAN: Section 11 of the order in council?

Mr. HELLMUTH: Yes. Section 11 can only refer to the works. My submission is—

Mr. LENNOX: If what you say is correct, section 12—

Mr. STARR: Section 11 is found on page 3 of the application—

The CHAIRMAN: What are you reading from?

Mr. STARR: You will find it on page 16 of the order in council. I am reading from paragraph 17.

Mr. HELLMUTH: Here it is. The Beauharnois Light, Heat and Power Company has asked for the approval of this proposed development, and in connection therewith made application for such authority from the Dominion government as may be necessary to divert Lake St. Francis to Lake St. Louis, and use an initial flow of 40,000 cubic feet of water per second in pursuance of section 7, chapter—

The CHAIRMAN: May I interrupt you? Are you reading from P. C. 422?

Mr. HELLMUTH: Yes, I am, at page 3.

The CHAIRMAN: We have certified copies—

Mr. MACKENZIE: Page 4 of your copy.

Mr. HELLMUTH: It may be page 4 there. I have a printed copy; and then follows section 17—sections 13, 16, 17, and then comes the present application

of the Beauharnois company. That is what I am reading from, Mr. Chairman. It goes on—"and pursuant to the provisions of section 7, chapter 140—" that is the act that I just referred to, the act respecting the protection of navigable waters—"has applied for the approval of the plans and site of works proposed to be constructed in the St. Lawrence river with respect to the diversion of the flow of water mentioned above. (plans of the works consisting of twelve sheets and descriptions and plans of the site thereof, in booklet form, annexed)".

Now, it is quite true that the Governor in Council will have to approve of the plans of the proposed canal before it can be used as a navigable stream. There is no question about that, and we will have to get that approval; but at the same time the works, and the only works that the Governor in Council can deal with under chapter 140 are the works which are proposed to interfere, under section 4, with navigable streams, and that has not been attempted, nothing has been done in regard to that. We take our chances on having the Governor in Council approve of what we propose to substitute for the St. Lawrence river at that time. But at the same time, what we are doing on our own property.

Mr. JACOBS: You take your chance on the Minister approving the work you have done?

Mr. HELLMUTH: Yes, and we are believing that the Governor in Council—the engineers inspecting it have not registered any complaints as to what we are doing, and we believe that we are not taking a very great chance. That is the position.

Mr. LENNOX: What does section 11 mean?

Mr. HELLMUTH: Section 11 refers to the works, and the only works with which the Governor in Council can deal. That is, the works in the St. Lawrence river.

Mr. LENNOX: What is the necessity of it, in view of section 12?

Mr. HELLMUTH: I would not want, sir, to argue the question as to whether the Governor in Council provided for anything in relation to works on our own lands. I would be prepared to argue that on the question of jurisdiction. That jurisdiction must be under the act that I have cited, chapter 140.

Mr. LENNOX: You mean they could not make that a condition precedent to granting any rights at all?

Mr. HELLMUTH: No, I do not say that. They could say we will not give you anything unless you do something in the future. But what I am trying to submit now, is that is not what they intended at all. What they intended was that any work that interfered with navigation should not be done without the plans being approved, and that any work that we proposed to do as a substitute for the existing navigation should have the imprimatur, if I may put it that way, of the Governor in Council before it could be done. That would be my interpretation. Section 28, as the committee knows, does clearly stipulate and understand that nothing is hereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act, upon and subject to these conditions. So that my submission is—I do not want to elaborate that argument now—but I would like the committee to appreciate the position, at least, in regard to the view of my learned friend as to whether we got to have the approval of the Governor in Council before we can do any work on our own land at all.

The CHAIRMAN: Mr. Hellmuth, do I understand you to take the position that at the present time the Beauharnois company has not the approval of the Governor in Council?

Mr. HELLMUTH: It has not received the approval of the Governor in Council, has not received the approval of the Minister. We have received ap-

proval of the Governor in Council so far as our general plan is concerned of the Beauharnois canal. We took the precaution, at the time—

The CHAIRMAN: The general plan referred to now is the plan attached to P.C. 422?

Mr. HELLMUTH: Quite so. That was approved.

The CHAIRMAN: The other two general plans that accompanied the detailed working plans, have not been approved.

Mr. HELLMUTH: If I may say so, I did not call them "general plans."

The CHAIRMAN: I am not calling them that; they were called that in the letters.

Mr. MONTGOMERY: They are substantially the same as the others, just a change in details.

Mr. HELLMUTH: I am going to submit to your committee that there is nothing at all in these so-called general plans of the two letters that is in any way inimicable to the original plan. There is a change in some immaterial matters so far as navigation is concerned.

The CHAIRMAN: I do not know, but from reading or hearing read the letters from Mr. Sweezy and from the company in July and August of 1929, I think it is—

Mr. STEWART: August, 1930.

The CHAIRMAN: August, 1930, and July, 1929, and August, 1930, from hearing these letters read I would take it that these letters mean that a new general plan was being filed accompanied by detailed working plans, and that the last plans filed were the plans that the company is now working on.

Mr. HELLMUTH: I think so, when one comes to hear this whole matter, one will not come to the conclusion that there was a change in that sense at all, a change of plans, I mean in any way to interfere with the idea that the original plan under P.C. 422 intended; but that there was certain substitutive alterations in it that could not be said to be a change of the original plan. I do not want to labour it at the present time.

Mr. JACOBS: Mr. Hunter says they are substantially the same.

Mr. HELLMUTH: Yes. I merely wanted to say that so that the committee would think that we were assenting in, at all events, to my friend, Mr. White's view in this matter. I merely want to put that before the committee.

The CHAIRMAN: You, if I understand you correctly, take the further position that the work presently carried on is—let me put it this way—it is divisible between navigation, and work on the site—

Mr. HELLMUTH: Yes.

The CHAIRMAN: That you are working on the site of your own property.

Mr. HELLMUTH: Yes.

The CHAIRMAN: And that you have the right, without reference to the Governor in Council, or the Minister, or the government, or anybody else—

Mr. HELLMUTH: Yes.

The CHAIRMAN: To carry on work that is presently being carried on on your own property.

Mr. HELLMUTH: Yes.

The CHAIRMAN: But when you come to the time in the progression of that work that the drawing of water takes place, you will come back to the Governor in Council and seek approval of the plans that were filed subsequently to the filing of the original plan?

Mr. HELLMUTH: Yes.

Mr. WHITE: The Minister, not the government.

Mr. HELLMUTH: Well, the Minister or the government, whatever it may be.

The CHAIRMAN: 422 says the Minister.

Mr. HELLMUTH: Yes we will have to get the approval at that time, undoubtedly we will have to get that approval.

The CHAIRMAN: Before you sit down, do you admit that section 4 of the Navigable Waters Protection Act, which says: "No work shall be built or placed in, upon, over, under, through, or across any navigable water, unless the site thereof has been approved by the Governor in Council—"

Mr. HELLMUTH: Yes.

The CHAIRMAN: Doesn't the Navigable Waters Protection Act inevitably hook the site up to the work upon the navigable water.

Mr. HELLMUTH: If we are going to put a bridge across which is too low, or you are going to throw your pipes across, or whatever it may be, the site of the proposed works, placed upon or under or upon a navigable water means—has to be settled, but not a site of some proposed canal. You have to—

Mr. MACKENZIE: The work is well defined in the interpretation section of section 2.

Mr. HELLMUTH: Yes, B. "Work includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.

Mr. WHITE: Mr. Chairman, the interpretation put on the sections of the order in council by my friend means a total elimination of clause 12.

Mr. MONTGOMERY: No, it does not.

Mr. WHITE: I say it does.

Mr. MONTGOMERY: All right, excuse my interruption.

Mr. WHITE: I may be wrong. In other words, there can be no sense in having that there, if the intention of my learned friend were to prevail, by reason of the two sections being in the Order in Council, 11 dealing with the works of the canal itself and 12 with the works in the river. I mean that is perfectly plain. And my learned friend has also forgotten that his clients have agreed to construct a power canal, incidentally a navigation canal of which they give us the use, and, that being the situation, how can it be argued that we have not the right in granting the permission to place the obstruction to navigation in the river to say we will grant that on condition that you do certain other works, giving us a 600-foot channel through the canal which you are going to take, and which is going to take off 40,000 feet of water from the navigation of the river itself.

The CHAIRMAN: Without us owning the water itself.

Mr. WHITE: Without us owning the water, or without us having the right to approve of the plans, and, as the Order in Council plainly says, that is a condition of your getting our consent, you must dig this canal, you must dig it according to plans which we approve, and you must not commence digging it until those plans are approved. And that is what the Order in Council does say. And that is what his clients say it means too, because all you have to do is to refer to the letter of August 22, 1930, where it says:—

In pursuance of Condition No. 11 of the Order in Council of the 8th March, 1929 (P.C. 422), approving the site and the general plans

thereto annexed for the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now, after consultation with the engineers of your Department, submitting for your approval the following.

And then it gives the plans and documents. Among those is General Plan and Profile of Proposed Development, which is not the river at all. Typical Cross Section of canal and Embankment, which is not the river at all. Plan showing Forebay, Powerhouse and Tailrace, and Preliminary Cross Sections through Powerhouse and adjacent Structures, Preliminary Sectional Plan of Powerhouse, Plan showing Location and Details of Dams for Control Works, and Plan showing Location of canal in Relation to Properties Controlled. Not a thing in the whole set of plans that are submitted for approval under section 11 relating to any work in the river itself.

Mr. JACOBS: What are the engineers of the department doing down there, spending a holiday? They are not down there at the expense of the government for nothing, they are there for something.

Mr. WHITE: Somebody says they are not doing much, but there are a number of reports, I see, from them in here as to the quality of cement, the number of grains of sand and the size of the grains that are put in the cement. I should say they were fairly busy. At any rate I have stated my position.

The CHAIRMAN: While we are on section 4, Mr. Hellmuth, of the Navigable Waters Protection Act—and section 4 is obviously the section that governs this matter—I will read it again:—

No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the Governor in Council.

Beauharnois does not do any of those things, as far as I can see. What it seems to do is to turn the waters of the St. Lawrence out into a ditch. What right has anybody got to do that. Is there anything in the Navigable Waters Protection Act that gives them that right. If that is the fact I think we had better leave the word "protection" out of his Act, and call it something else.

Mr. HELLMUTH: I was only going to say I would really like, Mr. Chairman, if you would let me, when the proper stage comes to deal with this Act. I do not think that this is the proper time when I should attempt to give what I understand the Act to mean.

Mr. WHITE: The suggestion, Mr. Chairman, is that the name should be changed to the Navigable Waters Exploitation Act.

The CHAIRMAN: I think probably we will have this gone into more thoroughly later on.

The WITNESS: If I might be permitted, Mr. Chairman, in answer to Col. Lennox's question about 11 and 12, you see there are other works to be done in Navigable Waters than the works in the St. Lawrence river proper. There are works to be done in the lake that are not mentioned or not covered by 12. That is an answer to Col. Lennox's question why 11 was there. That would be a part reason why it is there.

The CHAIRMAN: But there are works to be carried out in Lake St. Francis.

The WITNESS: Other than in the St. Lawrence; but in regard to the St. Lawrence the order specifies there must be a program of works submitted in connection therewith.

By the Chairman:

Q. Has that been submitted yet?—A. That has not yet been submitted. I should not say that. It was submitted and then afterwards withdrawn. At the present time there are no plans of works in the St. Lawrence, or program, before the department for consideration.

By Mr. Jacobs:

Q. Why withdrawn, Mr. Hunter?—A. Well, for amendment and improvement, I would say. There was a discussion of the works originally submitted and then they were withdrawn presumably to furnish others, as the result of the discussion, which might accomplish the purpose more perfectly.

By Mr. White:

Q. In that connection then, Mr. Hunter, is there anything attached to the order in council by way of plans which show what the works in the river are to be?—A. I do not believe I could answer that without looking at the plans that were filed.

Mr. WHITE: Mr. Hunter tells me, Mr. Chairman, that the original plan, the large plan which was not attached to Exhibit 1 but was submitted at the same time and referred to in the order in council, does show, in a general way, the site of some, at least, of the remedial works.

Mr. HELLMUTH: In the river.

Mr. WHITE: In the lake, is it, or in the river.

The WITNESS: It shows some in the river.

Sir EUGÈNE Fiset: The diagram attached to that plan shows also some of the details.

The CHAIRMAN: Gentlemen, the committee suggests that we adjourn now to meet again at 11 o'clock to-morrow morning, sitting through until 1 o'clock, and from half-past two on until half-past five to-morrow afternoon.

Mr. WHITE: Mr. Chairman, will you direct that Mr. McLachlan of the Department of Railways and Canals produce his files to-morrow.

The CHAIRMAN: Mr. Dun, you will see that that is attended to.

We will now stand adjourned until 11 o'clock to-morrow morning.

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Canada Beauharnois Power Project
"Special Cttee on (House)"

SESSION 1931

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HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

THURSDAY, JUNE 25, 1931

WITNESSES:

Mr. James B. Hunter, Deputy Minister of Public Works, Department of Public Works, Ottawa, Ont.

Mr. Gerard Lacroix, Messrs. Thériault, Boisvenue and Lacroix, Barristers, 51 rue St. Pierre, Quebec, Que.

Mr. Jean N. Cantin, Montreal, Que.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

EXHIBITS FILED

No. 20—An Act of the Province of Quebec to incorporate the Beauharnois Light, Heat and Power Company. (2 Ed. VII, 1902, Chap, 72), with amendments.

No. 21—Sessional Paper of the House of Commons, No. 122, March, 1930.

No. 22—Sessional Paper of the House of Commons, No. 136A, March, 1929.

No. 23—Sessional Paper of the House of Commons, No. 295, May, 1928.

No. 24—Mr. Gardiner's speech on Beauharnois Power Project, as contained in Official Report of Debates of House of Commons, May 19, 1931.

No. 25—Statement in lieu of prospectus filed with Secretary of State by the Beauharnois Power Corporation.

No. 26—Province of Quebec Legislature Private Bill No. 141 of 1928, An Act to amend the Charter of the Beauharnois Light, Heat and Power Company.

No. 27—Letter, dated 22nd February, 1928, from Mr. Gérard Lacroix to Mr. Cantin.

No. 28—Account rendered by Gerard Lacroix to Transportation Power Company, 5th March, 1928.

No. 29—Memorandum prepared by Mr. R. C. Alexander, Engineer, Department of Railways and Canals, Ottawa, Ont., respecting Beauharnois.

MINUTES OF PROCEEDINGS

THURSDAY, June 25, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m., Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The Committee decided to visit the Beauharnois development on 1st July.

The Committee decided to sit on Tuesday, Wednesday, Thursday and Friday of each week, the initial meeting each day to be at 11 a.m.

Mr. White, K.C., of counsel for the Committee, read a letter from the Secretary of State, Ottawa, Ont., to the Chairman of the Committee respecting a reply received from the Premier of Quebec in connection with the Committee's request to be supplied with certain documents at present in the possession of the Government of the Province of Quebec.

Mr. White, K.C., filed,—

Exhibit No. 20—An Act of the Province of Quebec to incorporate the Beauharnois Light, Heat and Power Company. (2 Ed. VII, 1902, Chap. 72), with amendments.

Mr. Morin, K.C., of counsel for the Committee, filed,—

Exhibit No. 21—Sessional Paper of the House of Commons, No. 122, March, 1930.

Exhibit No. 22—Sessional Paper of the House of Commons, No. 136A, March, 1929.

Exhibit No. 23—Sessional Paper of the House of Commons, No. 295, May, 1928.

Exhibit No. 24—Mr. Gardiner's speech on Beauharnois Power Project, as contained in Official Report of Debates of House of Commons, May 19, 1931.

Ordered,—That a certified copy be obtained from the Department of the Secretary of State of the prospectus, or statement in lieu of prospectus, or both if both were filed, of the Beauharnois Power Corporation.

The Committee adjourned until 2.30 p.m.

The Committee resumed at 2.30 p.m., Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Complying with an Order of the Committee made this day, two certified copies were received from the Department of the Secretary of State of the statement in lieu of prospectus filed in that department by the Beauharnois Power Corporation.

At the request of Mr. White, K. C., and on motion of Mr. Mackenzie (*Vancouver Centre*),—

Resolved,—That a Report be submitted to the House requesting power to engage a secretary to assist Counsel to the Committee; and, if such power be granted, that Mr. G. F. Beardsley be engaged, on and from Thursday, 25th June, to act in that capacity at five dollars daily, until the Final Report of the Committee is presented to the House.

Mr. James B. Hunter, Deputy Minister of Public Works, Department of Public Works, Ottawa Ont., was recalled and questioned.

Mr. Hunter retired.

Mr. White, K. C., filed,—

Exhibit No. 25—Statement in lieu of prospectus filed with Secretary of State by the Beauharnois Power Corporation.

Mr. Gerard Lacroix of the firm of Theriault, Boisvenue and Lacroix, Barristers, 51 rue St. Pierre, Quebec, P. C., was called, sworn and examined.

Mr. Morin, K. C., filed,—

Exhibit No. 26—Province of Quebec Legislature Private Bill No. 141 of 1928, An Act to amend the Charter of the Beauharnois Light, Heat and Power Company.

Mr. Lacroix stood aside.

Mr. Jean N. Cantin of Montreal, Que., was called, sworn and examined.

Mr. Cantin retired.

Mr. Lacroix was recalled and further examined.

Mr. Morin, K. C., filed,—

Exhibit No. 27—Letter, dated 22nd February, 1928, from Mr. Gerald Lacroix to Mr. Cantin.

Exhibit No. 28—Account rendered by Gerald Lacroix to Transportation Power Company, 5th March, 1928.

Mr. Lacroix was discharged.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa Ont., was called sworn and examined.

Mr. McLachlan filed,—

Exhibit No. 29—Memorandum prepared by Mr. R. C. Alexander, Engineer, Department of Railways and Canals, Ottawa, Ont., respecting Beauharnois.

Mr. McLachlan retired.

Pursuant to an Order of the Committee, made on June 15, the following documents were received from the Department of the Secretary of State of Canada, viz:

Application made by Cedar Rapids Manufacturing and Power Company.

Ordered,—That the Department of the Secretary of State of Canada be requested to provide a certified copy of the application for incorporation of Beauharnois Power Corporation, Limited, together with the name of the party from whom it was received, and the date it was received.

The Committee adjourned until to-morrow at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 231,

THURSDAY, June 25, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock a.m., Hon. W. A. Gordon presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., for the Committee.

G. H. Montgomery, K.C., I. F. Hellmuth, K.C., L. A. Forsythe, K.C., for the Beauharnois Company

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: Counsel have asked me, Mr. Chairman, to bring to the attention of the committee the question of our sittings during the next few days, and in regard to the proposed visit to the site of this project, and from the standpoint of the counsel involved it would perhaps be a matter of convenience—and I think perhaps to the committee itself—if these matters were settled, that is, whether we sit Saturday, Monday and Wednesday which is a legal holiday, and also as to when, if at all, the committee and counsel, and others interested, might pay a visit to the scene of the Beauharnois development.

The CHAIRMAN: I think it is desirable to visit the works, but I do not see that it is necessary to go down now. It may be that some of the members of the committee may think it is desirable before we go on to get the picture in one's mind of the works on the ground; but, so far as I am concerned, the maps disclosed to my mind what the situation is.

My own view is, subject to what the committee may think, that we could postpone the visit to the end of next week.

Mr. JACOBS: I am strong on atmosphere. I would like to see that Beauharnois, I have heard so much about it.

The CHAIRMAN: How would it be if we postpone it to the end of next week.

Mr. WHITE: From the standpoint of the counsel with whom I have discussed this matter, they are apparently of the same view as I am myself. I find in my work when one has to describe, and sometimes graphically, objects, terrain, or whatever you call this thing, the fact of having an accurate mind picture of it is of great advantage and, from our standpoint I should think we would like to go as soon as the committee can make it convenient.

Mr. MONTGOMERY: We agree.

Mr. WHITE: I think that is concurred in by my learned friends.

The CHAIRMAN: What do the members of the committee think about visiting Beauharnois and when do they suggest going, Saturday?

Hon. Mr. MACKENZIE: What about Wednesday the 1st of July?

The CHAIRMAN: Does that meet the views of the committee, to visit the works on the 1st of July? Does that suit you, Sir Eugène.

Sir EUGÈNE Fiset: Provided we motor down.

The CHAIRMAN: Will it be convenient for the officials of Beauharnois to show us over the work on the 1st of July.

Mr. MONTGOMERY: That is alright, Mr. Chairman.

The CHAIRMAN: Will the 1st of July suit counsel.

Mr. WHITE: Yes.

The CHAIRMAN: Then arrangements will be made for the committee to visit the works on the 1st of July.

Mr. WHITE: There is a possible disadvantage about that. Is it ascertained that the work will be in progress on that day or will the workmen be laid off.

Mr. MONTGOMERY: The work will be in progress. I made that inquiry.

Mr. WHITE: Because I think it would be advantageous for us while the work was proceeding.

Mr. MONTGOMERY: We can have arrangements made for transportation and have those arrangements communicated to the committee.

Mr. WHITE: Someone suggested to me yesterday that there was a convenient train going out of here for Valleyfield and that we might have a car attached to that train. The car will be laid off at Valleyfield and we can motor from there over to the dyke from which point we could travel on the work train of the company, that is, the construction train on their own track, stopping at all points of interest. We will expect Mr. Montgomery to have a megaphone and make appropriate announcements.

Mr. MONTGOMERY: It will be my first visit too, I have never seen it. What about working on Monday.

Mr. WHITE: Whether we are going to sit on Saturday and Monday.

Mr. JACOBS: I have some religious scruples. I will not sit on Saturday. Of course, the committee can go on without me.

Mr. LENNOX: I do not want to sit on Saturday either.

Mr. JACOBS: What do you say, Mr. Chairman. Do you make a ruling on that.

The CHAIRMAN: Well, I have the utmost and profoundest regard for anyone's religious beliefs and I think we must give way and not sit on Saturday.

Mr. JACOBS: I knew I could appeal to you on a vulnerable matter of that kind.

Mr. MONTGOMERY: What about Monday.

Mr. WHITE: Yes, what about Monday, Mr. Chairman.

The CHAIRMAN: My own view, gentlemen, was that we should drive ahead with the investigation and get it over with as soon as we could. At the same time I recognize that members of the committee have got other duties to look after, and it might be desirable at this juncture to nominate certain days when the committee will sit, because as we get further on in my work here I see that my idea cannot be worked out that we sit every day. I am open for suggestions as to what date of the week we will sit, and how many days. Saturdays and Mondays do not seem to serve.

Hon. Mr. MACKENZIE: We could sit on Monday afternoon.

The CHAIRMAN: Well then, it seems to be the view of the committee that from now on we will sit on Tuesday, Wednesday, Thursday and Friday of each week. The number of sittings will, of course, vary because members of the committee have other duties, but generally that will be the plan which we will pursue.

Mr. WHITE: And the initial sitting at 11 o'clock unless otherwise arranged.

The CHAIRMAN: Yes, the initial sitting at 11 o'clock each day. We can arrange subsequent daily sittings at the conclusion of the morning sitting.

Mr. WHITE: We may take it then that we are not sitting Saturday or Monday.

The CHAIRMAN: Yes.

Mr. WHITE: I would like to bring to the attention of the committee just as a matter of record, a letter addressed to you, Mr. Chairman, dated June 25, 1931, from the Hon. Mr. Cahan, Secretary of State, as follows:

My dear Mr. GORDON:

In response to the request which I made to the government of the Province of Quebec for the production of certain documents to the Select Special Committee, which has been appointed to enquire into the Beauharnois Project, I have received from the Prime Minister of that Province a letter, dated June 23 instant, of which I enclose a copy for the information of said committee.

Yours very truly,

C. H. CAHAN,

Secretary of State.

This is the letter from Hon. Mr. Taschereau, Prime Minister of Quebec, to Hon. Mr. Cahan, Secretary of State, Ottawa:

Hon. Mr. C. H. CAHAN, K.C.,
Secretary of State, Ottawa.

Dear Mr. CAHAN:

Your letter dated June 17th, regarding the Beauharnois Select Special Committee and addressed to the Hon. Mr. L. A. David, Provincial Secretary, has been referred to me.

I have made some inquiries at the Department of Lands and Forests and find that there is a great number of documents which would come under the three headings in your letter.

The Province of Quebec will be represented, before the Committee, by the Hon. Mr. Lucien Cannon. I would suggest that, as you proceed you would ask Hon. Mr. Cannon to communicate with us for such documents as may be necessary. Otherwise, I am sure that there will be a great deal of duplication.

It is possible that some of the documents required may be made public only on an Order of the House, and every case will of course have to be looked into.

You will understand, I am sure, that although we are prepared to give the fullest co-operation, we cannot accept the jurisdiction of the Select Special Committee on a matter over which the Province has sole jurisdiction.

I have the honour to be,

Sir,

Your obedient servant,

L. A. TASCHEREAU.

I am sure Mr. Cannon, who is representing the Province of Quebec, will consistently, with what he conceives to be the jurisdiction of this committee, assist us in procuring such documents, or copies of such documents, as may be required by the committee.

Mr. CANNON: I may state, Mr. Chairman, that on behalf of my client I am instructed to co-operate as fully as possible with the committee in order to supply information which might be required, subject to the full constitutional rights of the province of Quebec, and also provided that its jurisdiction and privileges remain unfringed and unimpaired.

Mr. WHITE: I think we may consider that anything that is furnished may be done so without prejudice to these rights, if necessary.

The CHAIRMAN: Just at this juncture, Mr. White, have you the list of papers that were asked for from the province of Quebec.

Mr. WHITE: No I have not, Mr. Chairman.

The CHAIRMAN: Mr. Dun may have them.

Hon. Mr. MACKENZIE: When can we expect the printed record of the first day's proceedings.

Mr. JACOBS: It should be available for the committee and counsel every morning.

The CHAIRMAN: Mr. Dun, you will see that the record of proceedings is promptly placed before the counsel and others interested.

Mr. WHITE: It might be well for us to procure a copy of the letter which the Hon. Mr. Cahan sent to the Hon. Mr. David.

Hon. Mr. MACKENZIE: All those documents are in the proceedings of the first committee.

Mr. WHITE: If a copy were just attached to this then we would have a complete record of what the communications were, and perhaps Mr. Dun would be good enough to procure us that. It can be attached later.

The CHAIRMAN: Mr. Cannon, I will get the list of documents that the committee thought would be helpful and which list was sent to the Secretary of State for transmission to your clients. I will let you have a copy of that list and probably by going through it you can determine whether there are any documents amongst them which you feel should not be prejudiced in view of the qualification of your statement in respect to cooperation by the province of Quebec.

Mr. CANNON: I will endeavour to be as helpful as possible in order to expedite this committee's work.

The CHAIRMAN: All right, Mr. White.

Mr. WHITE: Just in that connection, I might perhaps be able to confer with Mr. Cannon, and he and I might be able to arrange for the production of such documents as we consider are producible.

Mr. CANNON: I will do so at your convenience.

Mr. WHITE: Then there are a few documents in the large file, Exhibit No. 17, which was filed yesterday which I would like to bring to the committee's attention.

Turning, first, to the file No. 804-1B, there are not many of these. The first one is a letter dated January 16, 1928, from the Great Lakes and Atlantic Canal and Power Co., Ltd., Maurice Cossette, Vice-President, and J. W. Harris, Secretary, and Transportation & Power Co., Ltd., Adolphe Bazin, President, J. N. Cantin, Secretary.

The CHAIRMAN: What is the name of the company.

Mr. WHITE: The first one is the Great Lakes & Atlantic Canal & Power Co., Ltd. The other is Transportation & Power Co., Ltd. That letter, as I say, is dated January 16, 1928, and is as follows:

The Honourable John C. Elliott,
Minister of Public Works,
Ottawa, Ont.

Honourable Sir:

The undersigned understand that certain parties are proposing to make application for approval of proceedings or for orders in council regarding and affecting the rights, privileges, franchises and powers granted by the Act of the Legislature of the province of Quebec (1902, 2 Ed. VII, Ch. 72).

We have that, and I think each of the members of the committee have a copy of it, and we may have to refer to it later, and I think perhaps it had better be filed now and marked as an Exhibit.

(Copy of Act of the Legislature of the province of Quebec, 1902, 2 Ed. VII, Ch. 72, filed as Exhibit No. 20).

The CHAIRMAN: That letter is dated January 16, 1928.

Mr. WHITE: Yes, Mr. Chairman:

. incorporating the Beauharnois Light, Heat and Power Company and by an Act to amend the charter of the said Company (1910, 1 Geo. V, ch. 77) and the ownership, rights, powers, privileges and franchises granted to Joseph Bartholemew Robert, of the town of Beauharnois, by the government of the Dominion of Canada, by an Indenture dated the 28th day of December, 1909, and implemented by an order in council of the Dominion of Canada made on the 9th of December, 1909.

Said ownership, rights, privileges, franchises and powers were assigned by the heirs of the said J. B. Robert to the Beauharnois Light Heat and Power Company; and by the Beauharnois Light, Heat and Power Company to the Great Lakes and Atlantic Canal and Power Company Limited; and by The Great Lakes and Atlantic Canal and Power Company, Limited to the Transportation and Power Corporation, Limited, and further assigned to the agent of the Undersigned for the benefit of the Undersigned.

These rights and privileges are the subject of pending litigation. A copy of the proceedings in the litigation is herewith enclosed for your information.

The undersigned very respectfully request that no proceedings approval or order in council be made until the rights of the parties are determined, without notice to the undersigned.

Your obedient servants,

THE GREAT LAKES AND ATLANTIC CANAL AND
POWER COMPANY LIMITED.

MAURICE COSSETS,
Vice-President.

J. W. HARRIS,
Secretary. Transportation
& Power Corporation, Ltd.

ADOLPHE BAZIN,
President.

J. N. CANTIN,
Secretary.

That there was also sent to the Hon. James Malcolm, then Minister of Trade and Commerce, as appears by the file.

Then a copy of the original application appears on the file starting at page 35 and going back to page 7, the way it is arranged in the file, putting the larger number first, because this file is arranged so that the earlier-in-date documents go from the bottom to the top of the file; and that is pretty well incorporated in some of the documents that we have already filed so that it will not be necessary to do more than refer to it. It is dated January 17, 1928, and is addressed to His Excellency, Governor General in Council, Ottawa, Canada:

SIR:—

1. The undersigned, Beauharnois Light, Heat and Power Company, a corporation incorporated by Special Act of the Province of Quebec, 2 Edward VII, ch. 72 (1902), as amended by 1 George V, ch. 77 (1910), hereinafter called "the Company," addressed to your Excellency an application dated March 17, 1927, a copy whereof is attached hereto marked Schedule "A."

2. In the Company's application dated March 17, 1927, reference was made to an agreement of December 28, 1909, between His Majesty, The King, therein called the Lessor, and Dame Sarah Roberts and others, therein called the Lessees, a copy whereof marked Schedule "B" is attached hereto.

3. In the Company's application dated March 17, 1927, reference was made to a Deed of Transfer of March 26, 1910, passed before Tasse Notary Public by which Dame Sarah Roberts and others transferred to it all their rights arising out of the above-mentioned agreement of December 28, 1909; a copy of the above mentioned Transfer of March 26, 1910, has been delivered to the Department of Public Works and the Minister has consented to the assignment. Attached hereto marked Schedule "C" is another copy of that Transfer and of the consent endorsed thereon.

4. The Company, for the purpose of furnishing fuller information in respect of its proposed development submits herewith a memorandum marked Schedule "D", Parts 1 and 2.

5. The Company now asks for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

The importance of that document is that it would appear—subject again to what my learned friends may have to say about it—to be in substance and fact an application for the right to divert 40,000 cubic feet.

Hon. Mr. MACKENZIE: That is referred to on page 5 of P.C. 422 exactly in those terms.

Mr. WHITE: Yes:

6. In connection with the foregoing application the Company makes the following proposal.

(a) When making its initial installation, the Company will construct its power canal to such plans and specifications, and will operate its power development in such a manner that the canal when completed will conform to the navigation standards as set out in paragraph 111 of the main report and paragraph 13 of Appendix C. of the report made by the International Joint Board of Engineers 1926-27.

(b) The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately Sixteen million dollars (\$16,000,000) and will be paid by the company. The Company will also instal such remedial works as may be necessary to avoid injury to existing power developments and will maintain the level of Lake St. Francis at such elevation as may be required for navigation.

The rest of it is pretty well set out in the documents, except this:—

(e) The Company is prepared to make such agreements as may be necessary for the purpose of ensuring that after the completion of the locks above referred to the Dominion of Canada will be entitled to the use without charge to it of the canal and other works for navigation purposes.

Hon. Mr. MacKENZIE: Who is that letter addressed to, the Governor in Council.

Mr. WHITE: To the Governor General. Then at the bottom it says:—

9. The Company is not allied with or controlled by any other existing power company.

10. The Company desires to enter into formal definitive agreement with the Dominion of Canada for the purpose of carrying out the proposals outlined herein.

Then there is following that on page 31, an extract from the minutes of a meeting of the Board of Directors of Beauharnois Light, Heat & Power Co., authorizing the application.

Schedule "A" is a copy of the original application of March 17, 1927, and it is addressed to His Excellency the Governor General in Council. I am mistaken about that, Mr. Mackenzie. The letter of January 17, 1928, is addressed to the Governor General in Council.

The CHAIRMAN: Mr. White, was that application presented about that date or within a few days.

Mr. WHITE: Yes.

The CHAIRMAN: Then I presume you are going on to disclose the fate of the application.

Mr. WHITE: As it comes in the file, yes. The original application dated March 17, 1927, is on page 29, and recites that the undersigned Beauharnois Light, Heat & Power Co., is a corporation incorporated by statutes of the province of Quebec and has its head office in the city of Montreal, and then it recites the agreement of the 28th December, 1929, authorized by order in council 2168, Exhibit 12.

Then there is a peculiar clause in here reciting rights in respects to the feeder, and I have not come across this before:—

. . . provided that such changes do not interfere—

That is, that were authorized in respect to the feeder and you will remember that there were certain changes contemplated, the quantity of what has been somewhat indefinite:—

. . . provided that such changes do not interfere with navigation nor defeat the object for which the dyke along Lake St. Francis was constructed and subject to approval of the plans and specifications by the Minister of Public Works.

This application, of course, was Beauharnois Light, Heat & Power Co., and then this statement is made on page 28:—

The Company previous to the date of that agreement had acquired and still owns and uses the canal or feeder above mentioned and by deed of the 26th March, 1910, passed before E. C. Tasse, Notary Public, it acquired from Dame Sarah Roberts and others the "Lessees" above mentioned all the rights which they had acquired from the Crown by the above-mentioned agreement of the 28th of December, 1909;

Have my learned friends a copy of that agreement? It might perhaps be appropriate to put it in at this stage. That is the agreement of the 26th March, 1910, passed before E. C. Tasse, Notary Public, from the Robert heirs to the Beauharnois Light, Heat & Power Co.

Mr. MORIN: We have it in the file.

Mr. MONTGOMERY: We can get a copy of it for you.

Mr. WHITE: I understand we have a copy in the file.

Mr. MORIN: It is at page 13, Mr. White.

Mr. WHITE: That agreement is attached to this document which I am reading and is on page 13 of this file.

The CHAIRMAN: The document you are reading is the application.

Mr. WHITE: The application, starting on page 35, and I was reading really a part of that application, from the original application of March 17, 1927, which is made a schedule to the application in January, 1929. That agreement recites, —I think I had better read it:

Before Mtre. L. C. Tasse, the undersigned
Public Notary for the Province of Quebec,
practising at the town of Beauharnois.

Appeared:

Dame Sarah Roberts, of the town of Beauharnois, widow of the late Joseph Bartholomew Robert, in his life time of the same place, manufacturer.

William Henry Robert: of the said town of Beauharnois, manufacturer.

Joseph Alfred Robert, of the city of Ottawa, Mining Engineer.

And

Miss Sarah Mary Robert, of the town of Beauharnois, Spinster of the full age of majority.

Of the first part

And

The Beauharnois Light Heat & Power Co. a corporation duly incorporated and having its chief place of business at the city of Montreal, herein acting by the said William Henry Robert, the President of the said company and hereunto duly authorized as he declares,

The said The Beauharnois Light Heat & Power Company being hereinafter called the "Company."

Of the second part.

Who declared unto the said notary:—

That under a deed of Sale executed before W. de M. Marler, Notary, on the fourteenth day of May, Nineteen Hundred and two and registered in the Registry Office for the Registration Division of Beauharnois under the No. 33446, the late Joseph Bartholomew Robert in his lifetime of the town of Beauharnois, Manufacturer, sold and conveyed certain prop-

erty unto the company including as described in the said deed the following property acquired by the said Joseph Bartholomew Robert from the Trustees and Executors of the late Edward Ellice, by deed executed before W. de M. Marler, Notary, on the thirty-first of August, Eighteen hundred and ninety-six, and therein described in the following manner:—

10. The Feeder or Small Canal in Catherinestown, in the Seigniorship and District of Beauharnois, constructed by the late Edward Ellice for the purpose of conveying water from the River St. Lawrence to the River St. Louis; together with about one-half an arpent of land in depth on the Easterly side and one arpent in depth on the Westerly side of said canal along its whole length or whatever land there may be on either side of said canal belonging to the said late Edward Ellice, whether more or less than that stated above, but without any guarantee whatsoever; also the Head Gates and other works, or land in connection with said Feeder or Small Canal. The said property is now known and distinguished on the Official Plan and Book of Reference of the Parish of Ste. Cecile by the Number Three hundred and forty-one (341).

Then it recites The Petition of Right tried in the Exchequer, and the appeal, and it being desirable to settle the matter, and I need not trouble you about that again:—

That the parties hereto of the first part in order to implement the said deed of date the fourteenth day of May, Nineteen hundred and two, have by these presents assigned and made over unto the Company thereof accepting, all the rights acquired by them from His Majesty King Edward the Seventh under the said Agreement of date the Twenty-eighth day of December, Nineteen hundred and nine.

The Company obliges itself to pay and fulfil to the entire exoneration of the parties of the first part all the obligations incumbent on them or for which they may be liable under the said agreement of date the twenty-eighth of December, Nineteen hundred and nine.

Then reading on from the original application of March 17, 1927:—

The company has on previous occasions made application to the Dominion Government for the necessary authority to proceed with the works mentioned below and to exercise certain rights of taking further water and it now has the honour to make application as follows.

The undersigned Beauharnois Light, Heat and Power Company desires to use (by means of a power canal which can be readily adapted for 30 foot navigation requirements also, and which will run from a point on Lake St. Francis near the mouth of the existing canal or feeder through the county of Beauharnois to Lake St. Louis).

And I perhaps might make known the object which is in my mind in reading this. It was something which came up yesterday, and that is apparent here. I mean subject to my learned friend's ideas about it, the feeder grant appears to have been the basis of the application.

Mr. MONTGOMERY: That feeder grant was just a question of priority so that they secured the existing rights which were in that district.

Mr. WHITE: But that is not what the application says, as I read it. May I repeat that:—

The undersigned Beauharnois Light, Heat and Power Company desires to use (by means of a power canal which can be readily adapted for 30 foot navigation requirements also, and which will run from a point on Lake St. Francis near the mouth of the existing canal or feeder through the county of Beauharnois to Lake St. Louis) so much of the water of the St. Lawrence River as can be taken through the proposed canal with-

out interfering with navigation and without interfering with existing prior rights in the river St. Lawrence and to arrange for the building in the St. Lawrence River (in Lake St. Francis, Lake St. Louis and part of the River between these Lakes) of such remedial and other works as may be useful or necessary in this connection.

The CHAIRMAN: Approximately, Mr. White, how far is it from the mouth or inlet into the old Beauharnois canal from the mouth or inlet of the present canal? This plan would seem to indicate a little over a mile.

Mr. WHITE: That is what I was going to say. Perhaps the engineers could tell us that. Is Mr. McLachlan here?

Sir EUGÈNE Fiset: Mr. Henry can tell us.

The CHAIRMAN: How far is it from the mouth of the feeder of the old Beauharnois canal to the mouth of the present canal, that is, the exit from Lake St. Francis.

Mr. McLACHLAN: About a mile I should say.

Mr. HENRY: About a mile and a half. The old Beauharnois canal starts here (indicating on plan) and there is the feeder, the entrance to the feeder. The entrance to the new canal is here (indicating) approximately a mile and a half.

The CHAIRMAN: The application, Mr. White, which you are reading from would contemplate development beginning at the mouth of the old Beauharnois canal.

Mr. WHITE: Frankly, Mr. Chairman, I am not in a position to answer that. There are some considerations which will have to enter into it. I think probably you are quite correct for the reason that so far as Mr. Morin and I have been at present able to ascertain, there was no authority at that time from the province of Quebec to do otherwise.

Mr. MONTGOMERY: I do not understand that to be the Chairman's question. The chairman was asking a question of fact as to what the application was at that time.

The CHAIRMAN: Subject to correction, what I have gathered so far from the reading of the documents, the application which was approved was for work whose inlet from Lake St. Francis was about a mile north of the inlet from Lake St. Francis, of the present work which is being carried on. Am I right or am I wrong.

Mr. MONTGOMERY: I think the confusion has arisen from that expression "canal." It is the feeder canal they are talking about, not the old Beauharnois canal.

The CHAIRMAN: The mouth of the feeder canal is in between the Beauharnois canal and the present work.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: And the mouth of the feeder canal then would only be probably half a mile north.

Mr. MONTGOMERY: Yes, something like that, Mr. Chairman.

Mr. WHITE: Then on page 45 of this file, a copy of a letter dated January 28, 1928, from S. E. O'Brien, Secretary, of the Department of Public Works to The Great Lakes and Atlantic Canal and Power Company, Limited, and Transportation and Power Corporation, Limited:

GENTLEMEN:

I beg to acknowledge the receipt of your letter of January 16th instant, forwarding copy of the proceedings between the Transportation & Power Corporation, Limited, plaintiffs vs. R. O. Sweezy, defendant, and the Beauharnois Light, Heat & Power Company and

others *Mis-en-Cause*, respecting possible proceedings which may be taken affecting the rights, privileges, franchises and powers granted by an Act of the Legislature of the Province of Quebec (1902, 2 Ed. VII, ch. 72) incorporating the Beauharnois Light, Heat & Power Company, Limited, and the ownership of the rights, privileges, franchises and powers granted to Joseph Bartholomew Robert of the town of Beauharnois by the Government of Canada.

Then the proceedings in the Superior Court. I do not think we are concerned with that at the present time, because we can get it in the reports if we want it.

Then the letter dated January 16, 1928, the same letter to the Hon. Charles Dunning from these two corporations.

Then there is a memorandum on page 58, dated February 8, 1928, to the Chief Engineer—that was Mr. Cannon—from Mr. Coutlee, and that was rather interesting in a way:

Referring to your letter 31 January to Mr. Dansereau, Montreal, enclosing protest of the Great Lakes and Atlantic Canal & Power Company, and the Transportation & Power Corporation, Ltd., concerning any pretensions of ownership by other companies.

As has been frequently recited, J. B. Robert owned mills on the Little St. Louis river, south of Valleyfield and had a ditch tapping the water from Lake St. Francis to increase the flow and power at these mills. About 1845 the Federal Government built the Clark Island dam to increase the depth of water at the entry to the newly completed Beauharnois canal, which resulted in saturating the land along Hungry Bay, south shore of Lake St. Francis, and also lands along the north shore of this lake. The north side lands were drained by the St. Thomas ditch into the Delisle river with the result that frequently the station grounds at Coteau Railway Junction are flooded in the spring. Damages were paid by the government along the north side of Lake St. Francis, and also along the river below, as it was claimed that the diversion of water by Clark Island dam had caused erosion of the clay banks along the north side.

Along the south shore a dyke was built by the Federal Government to prevent seepage caused by the raised water of Lake St. Francis. This dyke crossed the entrance of the Robert ditch which was built in 1806, consequently sluice gates were inserted in the dyke and much trouble ensued whenever too great a quantity of water was allowed to enter the feeder ditch. Farmers along both sides of the ditch complained that their lands were soaked and the Federal government endeavoured by dredging out the ditch to lower the water plane and dry the farms.

The outcome seems to have been a very careful admittance of water to the feeder ditch with a shortage of power at the Robert mills. Finally a suit was taken before the Exchequer Court, where the Judge decided that the feeder ditch belonged to Robert up to the Government dyke, but that the part of the ditch through the dyke was the property of the Public Works Department, together with the sluice gates. This divided ownership was overcome by renting the sluice gates to Mr. Robert for \$1 per year, he to be responsible for all damages to farm lands.

Latterly the Robert Estate contends that as no stated amount of water was ever fixed to run down the feeder ditch from Lake St. Francis, they therefore have an absolute right to divert the whole St. Lawrence flow or at least as much as will not cripple navigation. This Department, as conservor of public waterways, is now asked to allow the whole river to be run dry between Coteau Landing and Cascades, with a view to passing the whole flow through a power house near the town of Beauharnois, where the water would again enter the St. Lawrence at the head of Lake

St. Louis. Contention has arisen as to whether the Robert Estate should be granted this flow of water because they own the feeder ditch or whether the right should go to other parties who have made requests from time to time.

The Robert feeder ditch, it will be noted, has no better claim on the flow than the St. Thomas drainage ditch made by the municipalities on the north shore. If also the topography of the country is so profoundly altered as to greatly diminish the flow in the channel between Coteau Landing and Cascades, very heavy damage suits will be undertaken against this Department.

C. R. COUTLEE,
Engineer, G.11.

Mr. FORSYTHE: What is the date of that letter?

Mr. WHITE: February 8th, 1928, pages 57 and 58.

Mr. FORSYTHE: 804-1-B.

Mr. WHITE: Yes.

Mr. MACKENZIE: Who wrote that letter?

Mr. WHITE: Mr. Coutlee, who is assistant chief engineer of the department.

Mr. MONTGOMERY: Coutlee, not Cameron.

Mr. WHITE: Yes. Mr. Cameron in February, 1928, was the chief engineer.

Mr. MONTGOMERY: A departmental report. I presume those files will be available.

Mr. WHITE: I presume every exhibit ought to be available for everybody, to counsel for everybody. As far as I am concerned they are welcome.

The next is a letter from Mr. Aime Geoffrion, K.C., dated February 6th, 1928. It is on page 85 and is addressed to the Hon. C. A. Dunning, Minister of Railways, Ottawa, Ont., and is as follows:

Dear Sir;—

I represent the Beauharnois Light, Heat and Power Company, who is applying to the Dominion Government for the approval of certain plans, involving the use of the waters of the St. Lawrence River, between Lake St. Francis and Lake St. Louis, to develop water power.

I am informed that the Great Lakes and Atlantic Canal & Power Company, as well as the Transportation and Power Corporation, have written you, protesting against any grant being made to my company.

The letter of protest starts with a falsehood on a very fundamental fact, and this falsehood can be easily verified.

It claims that the heirs of the late J. B. Robert transferred their rights to the Beauharnois Light, Heat and Power Co., and that the latter transferred these rights to the Great Lakes etc. Co., who, in turn, transferred them to the Transportation, etc. Co.

He is making a distinction between the shares and the right, and quite properly so, I think.

Without taking into consideration the agreements themselves in connection with this point, it is sufficient, in order to answer it, to draw your attention to the very suit taken by these parties, of which I understand you were sent a copy.

If this copy is a true copy of the statement of claim, it will show that the Transportation and Power Corporation claims to hold rights which the Great Lakes etc. Co. would have purchased from the Robert

interests, including shares in the Beauharnois Light, Heat and Power Co., but that no suggestion is made of the purchase of the rights of the Beauharnois Light, Heat and Power Co.

It is obvious that if the Beauharnois Light, Heat and Power Co. had sold its rights to some other people, that would be an objection to grants being made to it, based on those rights, an objection which the transferee of such rights could properly urge, and that is probably why the statement is made in the letter, but if, as the statement of claim affirms, all there was was a purchase from the Robert interests of certain rights they had, including shares in the Beauharnois Company, with no deal whatever with the Beauharnois Company it is obvious that the Beauharnois Company's rights are still intact, and nothing can prevent it from using those rights and exercising its powers. If the plaintiffs succeed in being declared shareholders of the Beauharnois Company, they will benefit by whatever grants the Beauharnois Company has in the meantime obtained.

This point, based on the allegations of the statement of claim, is fortified if one reads the conclusions of the said statement of claim. They are purely and simply directed against Mr. Sweezey. The Beauharnois Company is only called in the suit to be apprised of the decision that will be rendered in such suit as respects its shares, namely; so that it will know who is the holder of these shares, as between the plaintiffs and Mr. Sweezey.

Litigation in respect of the control of the shares of a company cannot prevent that company from carrying on its undertaking, using its rights and exercising its powers.

If the documents filed in support of the suit and a few other documents which have not been filed are considered, the absolute lack of foundation of the suit, even against Mr. Sweezey, become quite apparent.

Several years ago, the Great Lakes, etc. Co. obtained an option from the Messrs. Robert on various rights, including shares in the Beauharnois Company. The first payment, which was for a large amount, was not made, and the delay for making it is many years passed. The complaining companies therefore never had any rights; they merely had, for a few months, an option on which they did not pay and which is lapsed long ago. The complaining interests tried to get around the fact that they failed to take up the option by taking a rather extraordinary suit, whereby they asked that the Messrs. Robert be condemned to execute the contract of transfer and deliver the papers to court; that when that was done, they, the plaintiffs, should be given by the court a delay to find the amount required for the option, some \$500,000, a rather unusual way to endeavour to get several years' extension to a term attached to an option. This action was dismissed by the Provincial courts and after being carried to the Supreme Court, was abandoned.

The CHAIRMAN: Did this company have an option to buy some shares in the Beauharnois Light, Heat and Power Co.?

Mr. WHITE: Apparently, according to this letter.

The CHAIRMAN: According to that letter, the option lapsed.

Mr. WHITE: Lapsed.

These interests came to Mr. Sweezey and represented that they owned these rights, no title to which, as we have just seen, they had.

Mr. Sweezey, relying on them, agreed to study the question "as a principal"—

Mr. WHITE: These three words are in quotation marks, and the word is p-r-i-n-c-i-p-a-l.

The CHAIRMAN: There is an obvious difference.

Mr. WHITE: Yes. Some principals have principles.

The CHAIRMAN: Just at this juncture—I do not want to anticipate the sequence of the putting in of the various facts, but is it on only this relationship between Sweezey and the Transportation company that the litigation arose?

Mr. WHITE: I understand so.

—as he says expressly in his letter, not as their agent; in other words, he was willing to interest other people to buy with him from those who claimed to have a title. Mr. Sweezey was introduced by these people to some American interests, being stated to be “on the buying side” as the correspondence shows.

Finally, having discovered that they had no rights, that they had nothing to sell, he wrote them stating that he could not associate himself with them, and they acknowledged receipt of notice without protest. He therefore was never their agent for anything, but contemplated buying from them what he thought and they said they owned, and when he discovered they had no title, he went on and bought with his moneys, not theirs, from the real owners, the Robert estate.

These complainants have first circularized the financiers they could find; then the Quebec government, and finally this government, always in an endeavour to block the Beauharnois Co's efforts, because they once held an option from the owner, which they did not take up, and Mr. Sweezey who, deceived by them, had begun negotiations to buy from them having found they had no rights, went to the real owners after this option had lapsed, and bought with his moneys, from the latter.

Paragraph 1, 2, 5, 6, 7, 9, 11, 12, 13 and 22 of the statement of claim or declaration, and the conclusions thereof; paragraphs 5, 8, 13, 14, 15, 16, 17, 18, 19 and 20 of the plea that I include, will support the above statements.

Paragraphs 21 to 31 have been struck out of the plea on demurrer.

Paragraph ‘c’ of plaintiff's particulars show the extraordinary nature of the suit, which these parties lost, and by which they were hoping to get the Messrs. Robert to sign the contract of sale, and then get a delay to find the money necessary to take up the option.

The option (Exhibit No. 1) in support of this suit, a letter by Mr. Sweezey to Mr. Bergevin, 19th March 1925, also annexed to that suit, and two other letters herewith enclosed with the plea and particulars, will be sufficient to substantiate, with the pleadings above mentioned, all the above statements.

The CHAIRMAN: Is it the fact that the transportation company's interest in this project was confined merely to whatever rights they may have at one time had by reason of their option on some shares of the stock in the Beauharnois company, or did the transportation company own any rights themselves in the locality?

Mr. WHITE: As I understand it, Mr. Chairman, whatever rights they claimed were derived, if at all, from the Roberts or the Beauharnois Light Heat and Power Company.

The CHAIRMAN: By way of this option to buy shares?

Mr. WHITE: I am not quite clear that it was an option to buy shares only. There was, obviously, from the wording of the documents, something else involved in the option. However, there was a hearing of all these parties before the Minister of Public Works and I imagine the matter may be cleared up in that way.

Mr. MONTGOMERY: To be strictly correct, the suit which Mr. Geoffrion refers to is not the suit which is pending now. I am not in the case, but I am instructed that the suit was discontinued, and later on this present pending one was instigated.

Mr. WHITE: The same subject matter.

Mr. MONTGOMERY: I think the subject matter is largely the same.

Mr. JACOBS: What was the amount of the original suit?

Mr. MONTGOMERY: I think some \$7,000,000 or something of that sort.

Mr. WHITE: Enough, or plenty.

Mr. JACOBS: They apparently did not think it was enough, because this one is for \$10,000,000.

Mr. MACKENZIE: Was that suit in the Exchequer Court?

Mr. WHITE: In the Superior Court, Quebec.

The CHAIRMAN: I assume, Mr. Montgomery, that—I do not know whether it will be helpful in the inquiry or not—the transportation company sets up that Sweezy is an agent of theirs.

Mr. MONTGOMERY: I understand so; I have not read the papers.

The CHAIRMAN: You disassociate yourself from all that?

Mr. MONTGOMERY: I never had anything to do with it; I just know in a general way.

Mr. LENNOX: What was the object of discontinuing the first action?

Mr. MONTGOMERY: That is a question which I am afraid I cannot answer.

Mr. LENNOX: You say it is the same subject matter?

Mr. MONTGOMERY: I would hesitate to answer why it was discontinued.

I have been informed that the suit was desisted from after the evidence was given, and before argument.

Mr. WHITE: There is a memorandum on page 92 of these facts from Mr. Coutlee, dated February 24, 1928, referring to the St. Lawrence river. This memo is for the Board of Engineers. This board had been or was to be constituted from the engineers from the various department as mentioned in Mr. Elliott's letter.

Referring to the Chief Engineer's letter February 10, 1928, *re* application of Beauharnois Light, Heat and Power Company to abstract 40,000 c.f.s. at first, and eventually all the flow of the St. Lawrence through a proposed canal south of Valleyfield.

The scheme cannot be considered as an extension of the feed water canal, carrying say 100 c.f.s., which was leased to J. A. Robert in 1909.

Whether any further—

Mr. FORSYTHE: Is that Mr. Coutlee's memorandum, again?

Mr. WHITE: A memorandum from Mr. Coutlee to the Board of Engineers, which was set up at the suggestion of the Minister of Public Works to consider this project, to consider this application. You remember yesterday there was a letter from Mr. Elliott, the then Minister, and other Ministers along the point. For instance, Mr. McLachlan, one of the engineers, named—

Mr. MACKENZIE: They are all named in P.C. 422.

Mr. WHITE: —in the board set up to consider the matter, made a report which I shall put in later.

Mr. MONTGOMERY: Is this Coutlee's memorandum of February 8, 1928?

Mr. WHITE: This is one of them. That was to his chief engineer.

Mr. MONTGOMERY: This is another one.

Mr. WHITE: Another one.

Mr. MONTGOMERY: The same date?

Mr. WHITE: No, February 24, 1928.

The CHAIRMAN: What value, Mr. White, as evidence is a memorandum from Coutlee to Hunter?

Mr. WHITE: It shows what Mr. Coutlee's attitude was towards the project at that time.

Sir EUGÈNE Fiset: On the first application?

Mr. WHITE: Yes. And therefore, perhaps, indicates what the reason was for the change in the application. It seems to be of some importance.

Mr. STARR: The engineers afterwards signed a joint memorandum in connection with the same thing.

Mr. WHITE: And it does not agree with these views, altogether, as I read it.

Mr. MACKENZIE: It raises a big question in regard to inter-departmental communications. There was an objection raised some time ago in the House about reports made from one department to the other.

Mr. WHITE: I am entirely in the hands of the committee.

Mr. MACKENZIE: I make no objection whatever.

Mr. WHITE: It is for the committee to say whether either of these communications should not be put in. I am only tendering it because I think it is important.

Mr. MACKENZIE: In other words, you may be destroying the relationship of civil servants one to the other, by disclosing a communication from one to the other. There is quite a principle involved. I have personally no objection. I know the Prime Minister refused such information this year.

Mr. WHITE: If there is the slightest question about it I shall not press it.

The CHAIRMAN: One of these engineers may, inter-departmentally, communicate to another his views with respect to the project, or any other project, and the views of one engineer might seem to indicate that the Beauharnois Company owned the St. Lawrence from the gulf up to Lake Ontario. We do not want to spur them on to greater effort.

Mr. WHITE: You had better be careful, Mr. Chairman. If there is the slightest possible question about it, I prefer not to read it.

Mr. MONTGOMERY: I understood you to say it was addressed to the committee appointed by the Minister of Public Works. That committee was not appointed until a year after that.

Sir EUGENE Fiset: Will you speak a little louder, if you please?

Mr. MONTGOMERY: I was just drawing Mr. White's attention to the fact that I understood him to make the statement that that report of Coutlee's was addressed to the committee appointed by the Minister of Public Works. My understanding is that that committee was not appointed until a year after.

Mr. WHITE: Mr. Hunter informs me that the Board of Engineers referred to in this document is a departmental board of engineers, so that would apply as to any departmental document.

Sir EUGENE Fiset: More than that, the real board of engineers was appointed one year afterwards, therefore, it has hardly any relationship to this present occasion.

Mr. WHITE: I understand it is the desire of the committee that I shall not read that particular document at the present time.

The CHAIRMAN: The committee would like to consider the question of the advisability and the propriety of introducing into the record interdepartmental communications and communications between officers in the same

department. A ruling has to be made upon it. It is not yet clear in my mind whether it is desirable or proper. Of course, in a court of law it would not be evidence at all. All those documents would be available for inspection by the members of the committee, but to introduce them into the record I am not so sure as to what course should be followed. If you can let it rest for a moment and go on with some other branch of the case we will give you a decision upon it after the noon recess.

Mr. WHITE: You understand, of course, Mr. Chairman that I am not pressing it. I hope that each member of the committee appreciates that I am only here as the servant of the committee to follow their instructions in matters of this kind, and, for that reason, it would be well to have a general ruling so that I will not commence to introduce anything of that character in the future.

Mr. LENNOX: Is it confidential or private, or anything of that kind.

Mr. WHITE: No.

Mr. LENNOX: It is on the public file.

Mr. WHITE: Yes.

Mr. MONTGOMERY: As a matter of fact, we have refrained from making any objections. But Mr. Hellmuth has repeatedly said to me, what has all this got to do with it, and I have not been able to find out what my friend was coming to in any of this morning's evidence. I understand he has probably been instructed to use it, but so far as Mr. Hellmuth and myself are concerned we have not been able to find out what the purpose is.

Hon. Mr. MACKENZIE: It is not the Beauharnois company at all. There is a principle involved affecting the whole civil service of Canada. That is the whole question. If we are going to use these reports you are establishing rather a risky principle. It is not as affecting your company at all that I take any objection.

Mr. JACOBS: The information could not be obtained in the House, because it has been held time and again that these are confidential matters.

The CHAIRMAN: It has not gone quite that far, Mr. Jacobs, if I might suggest. The rule, as I understand it, is that any documents that go in upon a public file can be brought down, and will be brought down in the House. But documents that are declared to be of such a character that it would not be in the public interest to disclose, or documents that are private by reason of their very nature, are in a somewhat different category.

Mr. JACOBS: For instance, reports of officials to their superiors, I think it has been held were not available to the public. I think it is a good rule.

Mr. WHITE: One can imagine a situation something like this—and I am not suggesting for a moment that that is the case here—that if a somewhat important official had changed his views entirely in regard to a certain matter we might want to know why.

Mr. HELLMUTH: I suppose, Mr. Chairman, that any witness who has so changed his views could easily be called before the committee and not only examined but cross-examined.

Mr. WHITE: How could we possibly do that unless we knew that he had changed his views.

Mr. HELLMUTH: Well, I am not dealing with what Mr. Jacobs has said, and what other members of the committee have said. This is a question as between, one might say, the government, as to whether one departmental officer's communications to another should be made public. I have refrained from taking objection to what I submit is, so far as the Beauharnois is concerned, irrelevant evidence. How could we possibly be bound by what one departmental officer

told another departmental officer as to his view of that unless it were communicated to us. Surely, the very foundation of evidence is that it is evidence against the party in respect to whom it is brought forward.

The CHAIRMAN: That was hardly the point that I had in my mind.

Mr. WHITE: My answer to that is that this is not a lawsuit.

Mr. HELLMUTH: I know it is not a lawsuit, but there are some rules of evidence to be observed in commissions and committees. There may be evidence here, Mr. Chairman, quite admissible evidence which has nothing to do with Beauharnois at all.

Mr. WHITE: We are not only investigating the Beauharnois company as such, we are investigating this project and its progress through the various governmental departments.

Mr. HELLMUTH: I thought it was an investigation in regard to the Beauharnois project.

Mr. WHITE: Exactly.

Mr. HELLMUTH: And, so far as the Beauharnois project is concerned, if we are going into other projects I submit that is not what the House had in mind. Whether some other project might be better or worse is not I understand for this committee. It is a question of the Beauharnois project itself.

Mr. WHITE: That is different from the Beauharnois company. The Beauharnois project touches other people than the Beauharnois company.

Mr. LENNOX: Does this letter affect the Beauharnois project.

Mr. WHITE: Most assuredly.

The CHAIRMAN: The reference is quite broad in its terms:

To be a committee to investigate from its inception the Beauharnois project for the development of hydro electric energy by the use of the waters of the St. Lawrence river.

Mr. LENNOX: I suppose, Mr. Chairman, we are not bound by the rules of evidence.

Mr. JACOBS: We have to be bound by something.

Mr. WHITE: The sky is the limit. Naturally, of course, one proceeds along what he supposes to be the rules of evidence, and having that ingrained in us we cannot help it.

Mr. JACOBS: I agree with the Chairman's view, Mr. White. We ought to drop that for a moment and continue along another line. Subsequently we may have a ruling on it.

Mr. WHITE: May I add one thing, Mr. Chairman, that is, so far as my personal views may have any effect here, I would have appreciated the point which has been raised and not have proceeded to read the document at all without having called the attention of the committee to what I was going to do; but it never struck me at the time that there was any question of the kind involved. My experience has not been a parliamentary one.

Mr. JACOBS: We have these questions coming up almost daily in the House.

Mr. LENNOX: Are we in the same position, as an investigating committee, as we would be in the House?

The CHAIRMAN: No, I think we have broader powers.

Mr. JACOBS: We have the powers which parliament gives us. We are a committee of the House.

The CHAIRMAN: We are not interrupted so often, put it that way.

Mr. WHITE: Of course, I assume that if parliament as parliament ordered the production of any kind of a confidential document it would have to be produced because parliament is absolutely paramount; but as to what is the proper thing to do in the interest of public service that is another question.

Mr. MONTGOMERY: So far as this letter is concerned I hope the committee understands that we have no particular objection to it.

The CHAIRMAN: We will make a ruling on the general question at the opening this afternoon. We will endeavour to lay down some principle as to how we shall proceed with respect to these communications. It has been suggested to me by Mr. Lennox, and probably it is the soundest view, that we had better deal with each document as it arises.

Mr. WHITE: Yes. If there is anything in the future of this nature, and I happened to think of it at the time, as I shall endeavour to do, I shall call the attention of the committee to it before reading any part of the document.

There is a letter dated March 12, 1928. This is from R. B. Thomson, Secretary of the Canada Steamship Lines, and I need not read it. It is addressed to the Hon. Mr. Elliott then Minister of Public Works, and is a protest—

Hon. Mr. MACKENZIE: That is mentioned on page 5 of P.C. 422.

Mr. WHITE: And that is acknowledged. There are in the file—and I need not bother the committee with them—letters from the various parties whose names are mentioned at page 5 of order in council P.C. 422, protesting.

Hon. Mr. MACKENZIE: Nine of them altogether.

Mr. WHITE: Yes. And that brings us to the point, Mr. Chairman, where perhaps conveniently we may consider a few of the things in connection with that hearing and, with your permission, I would ask my colleague, Mr. Morin, to deal with that shortly.

Mr. MORIN: I submit, Mr. Chairman, that we should first put before the committee a few of the documents that were produced before the House at the request of Mr. Gardiner. I do not need to read them at all, but for future reference it might help us if we referred to them and put them in as exhibits. They are sessional papers.

I file as Exhibit No. 21, sessional paper No. 122.

I also file, as Exhibit No. 22, sessional paper No. 136A.

Mr. MONTGOMERY: What year are those, Mr. Morin.

Mr. MORIN: The month of March, 1929.

Hon. Mr. MACKENZIE: In both cases.

Mr. MORIN: In both cases. And then I file as Exhibit No. 23 sessional paper No. 295.

I would suggest, Mr. Chairman, that we put into the record a copy of the speech of Mr. Gardiner on the Beauharnois project. It is not yet before this committee. This is Mr. Gardiner's speech of May 24, 1931.

The CHAIRMAN: That is already before the committee, Mr. Morin, before counsel was appointed, at our initial meeting on the 15th of June.

Mr. MORIN: It has not been marked as an exhibit.

The CHAIRMAN: It may not have been marked as an exhibit. However, we will mark it as Exhibit No. 24. That is the speech of May 19th, 1931?

Mr. MORIN: Yes, Mr. Chairman. For the convenience of the committee, I might refer you to a few of the documents that are of interest to you. I will give you the pages on which you will be able to find those documents.

Referring to sessional paper 136A you will find, at page 74, that this Beauharnois project was rejected by the International Joint Board of Engineers of the St. Lawrence Waterways Project.

Then at page 75 you will see that this is called a destruction of the Joint Board plan.

At page 172 you will find that this similar project was turned down by the government of the day, in 1910.

At page 465 there is a reference that there might be disaster to the St. Lawrence in case of a break in this canal, so that every attention should be directed to all precautions.

The CHAIRMAN: Are you still referring to sessional paper 136A.

Mr. MORIN: Yes, Mr. Chairman.

Mr. GARDINER: There are three different files in connection with that.

Mr. MORIN: Then referring to sessional paper 122, you will find the agreements with the Montreal Cotton Company.

And taking sessional paper 295, at page 12, you will see the project was refused in 1924.

At page 13 you will find a report by Mr. McLachlan, Engineer, Department of Railways & Canals.

At page 25 you will see that Mr. Brown who, I understand, is the chief engineer to the Beauharnois Co., says that the application should be filed with the Department of Railways and Canals over the dyke, because this canal goes through the dykes, Dominion property, and this is under the control of the Department of Railways and Canals. I understand that no such application was made to the Department of Railways and Canals.

Mr. FORSYTHE: There was an application made.

Mr. MORIN: Did you get any approval? I have had no chance to look through the files of the Department of Railways & Canals.

At page 132 you will find this letter which was referred to in the speech of Mr. Gardiner, a letter from Mr. Sweezey to Mr. Alderic Raymond calling his attention to the importance of having some political influence to help him in connection with this deal.

At page 161 you will find that the Engineers say that this project should be attended to directly by the Dominion government.

At page 251 you have a most complete and interesting report by an independent engineer, Mr. Holgate of Montreal.

The CHAIRMAN: What is the page number?

Mr. MORIN: Page 251. One of the objections of Mr. Holgate was that this project was bound to destroy one of the principal assets of Canada, particularly the scenery and residences along the shores of the St. Lawrence. This beautiful scenery was going to be destroyed and the tourist traffic along the shores of the river would be diverted.

Hon. Mr. MACKENZIE: Mr. Holgate's name is not listed as one of the protestants on page 5.

Mr. MORIN: He acted for the Canada Steamships when he made this report.

Mr. CANNON: What is the date of the sessional paper from which you are quoting.

Mr. MORIN: I am quoting from sessional paper 295.

Mr. CANNON: What date was it produced.

Mr. MORIN: The date of the report is 1915.

Mr. CANNON: What I have in mind is, if it was produced before this session we will find it in the sessional papers.

Mr. MORIN: Well, it was produced in 1929.

The CHAIRMAN: Mr. Morin, these three sessional papers—122, 136A and 295—are of what year, 1929?

Mr. MORIN: I understand so, yes.

The CHAIRMAN: Just let us get that right. 122 is 1929?

Mr. WHITE: 295 is apparently 1928.

The CHAIRMAN: And 136A, is that 1929?

Mr. MORIN: 136A is March, 1929, and 122 is March, 1930.

Mr. WHITE: It starts in January and runs on to the end of the year.

The CHAIRMAN: Mr. Morin, do I understand that Mr. Holgate's report condemned the project solely on account of the destruction of the scenery.

Mr. MORIN: Oh, no.

Mr. WHITE: Read it.

Mr. JACOBS: Why do you give us "incidentally." Give us the principle.

Mr. MORIN: It is a very long report to read. It is a report of about fifty pages.

Hon. Mr. MACKENZIE: We will read it for ourselves. He was against the project?

Mr. MORIN: Yes.

Mr. JACOBS: The scenery, of course, being in the province of Quebec.

Mr. MORIN: That matter was also considered by the Engineers of the Department of Public Works, and they condemned it.

Mr. JACOBS: The scenery that he complained of that would be destroyed would be in the province of Quebec.

Mr. MORIN: Yes.

The CHAIRMAN: The substance of his report was that the people of Canada were losing something they should not lose.

Mr. MORIN: Yes. And he said it is worth a great deal.

The CHAIRMAN: He was not condemning it in any mechanical way but purely from the standpoint of the government alienating those assets.

Mr. MORIN: That is one of his reasons for opposing the project.

Sir EUGENE Fiset: May I ask if Mr. Holgate was heard at the hearing before the Minister of Public Works on January 15, 1929.

Mr. MORIN: Yes.

Mr. MONTGOMRY: Do I understand you to say that that report was in 1915.

Mr. MORIN: In 1915, yes.

Mr. MONTGOMERY: You are sure that was the Beauharnois application and not the Canadian Light & Heat.

Mr. MORIN: It is the Beauharnois Light Heat & Power Company. That was the project that was before the government at that time.

Mr. JACOBS: Are you sure Mr. Holgate was heard before that committee in 1928.

Mr. MORIN: Yes.

Mr. JACOBS: I understand he was dead then, or died shortly after.

Mr. MORIN: Yes, he is dead, but he was heard in the committee in 1929.

Now, if you want to refer to all those files of the Public Works Department, I have here a few notes with regard to interesting points to which I wish to refer the committee.

Take file 804-1C, Exhibit 17, you will see there, at page 284, a memorandum respecting all power development on the St. Lawrence.

On page 273 you will see a synopsis of all the objections to the Beauharnois Light Heat & Power Co., made up for the Public Works Department. You will find all those objections in the hearing before the committee of the council in the month of February, 1929.

Sir EUGENE Fiset: Were these submitted to the Department of Justice in the form of a letter from Mr. Hunter.

Mr. MORIN: Yes.

Sir EUGENE Fiset: Embodying the synopsis.

Mr. MORIN: I will give you the letter.

And then you will find in this file, at page 237, a letter from Mr. Holgate. He has not changed his mind.

Hon. Mr. MACKENZIE: What is the date of that letter of Mr. Holgate's at page 237.

Mr. MORIN: I cannot tell you. It is in 1928 or 1929.

On page 62 a report by Engineer Coutlee. He consulted Dr. Barnes, the famous professor of McGill University, and Dr. Barnes did not make any written report. However, Mr. Coutlee prepared a memorandum for his department of an interview with Dr. Barnes, and Dr. Barnes called this project a butchering of the St. Lawrence.

I take now file 804-1E.

At page 199 you will find the financial aspect of this Beauharnois Company, their prospectus and how they intend to finance the project. That is prospectus which was being distributed to the public.

Hon. Mr. MACKENZIE: A prospectus of the Beauharnois Light, Heat & Power Co.

Mr. MORIN: Yes, it is a prospectus of the Beauharnois Company to the public.

Mr. WHITE: Which company?

Mr. MORIN: The Beauharnois Light, Heat & Power Co. I think it is the Beauharnois Power Co. I understand the Beauharnois Light, Heat & Power Co., did not go to the public.

Mr. WHITE: Which document is that in.

Mr. MORIN: 804-1E.

Mr. WHITE: What page.

Mr. MORIN: 199. It is the Beauharnois Power Corporation prospectus, issue of their bonds for \$30,000,000. That is their advertising about it, what they did and what they hoped to do, the profits they expected to make, to induce the public to subscribe to those bonds.

Mr. WHITE: I think perhaps the committee ought to know that what my learned friend is referring to are the advertisements of the various firms of brokers or bond dealers who are disposing of this issue. Gairdner & Co., Ltd., of Toronto is one of the firms.

The CHAIRMAN: Before we get into that we should have before us the official prospectus of this Company itself.

Mr. MORIN: Well, I think they will admit that this is official.

Mr. MONTGOMERY: No, those are not official. They are probably prospectuses put out by the various brokers in connection with this issue.

The CHAIRMAN: Have not you got a copy of the official prospectus.

Mr. MONTGOMERY: I think so.

The CHAIRMAN: Will you let us have a copy.

Mr. MONTGOMERY: Yes, Mr. Chairman.

Mr. MORIN: We intend to have Mr. Todd here. Mr. Todd circulated some literature to the public and we might have him here as a witness.

Mr. WHITE: I am sorry to interfere with my learned friend's presentation of the matter, but the advertisement of W. C. Pitfield & Co., of Ottawa, in reference to this \$30,000,000 issue, quotes a letter from Mr. Swezey, the President of the Beauharnois Corporation. I assume that that was an authentic letter.

Hon. Mr. MACKENZIE: I would like to have that cleared up now. Is that the official prospectus of the Beauharnois company or not, or is it literature used by brokers to make the bonds more saleable.

Mr. MORIN: It includes statements by all the officers of the company.

Mr. JACOBS: They will be witnesses here.

Mr. MORIN: There is a letter from Mr. R. O. Sweezy, President, to Newman, Sweezy & Co., Ltd., the Dominion Securities Corporation Limited, and Wood Gundy & Co., Ltd. That is the whole statement by the President.

Mr. JACOBS: I suggest that we rise now, Mr. Chairman, and report progress and beg leave to sit again.

Mr. DORION: Have you the names of the officers of the company?

Mr. MORIN: Yes, we have them. Senator McDougald, Mr. Geoffrion, Mr. Godin, Mr. Gundy, Mr. Lash, Mr. Montgomery, Hon. Mr. Paradis and Mr. Wilson.

The CHAIRMAN: Mr. Montgomery, would it be asking too much, in order to facilitate us if we can get it, if you have available a copy of the prospectus of the Beauharnois Light Heat & Power Co., because I imagine in order to have some continuity of the thing we should start from there.

Mr. MONTGOMERY: I understand there was no prospectus put but by the Beauharnois Light Heat & Power Co. There was a prospectus put out by those three sets of brokers.

Mr. LENNOX: They would have to file one before they could offer stock.

Mr. MONTGOMERY: That simply contains a letter, which has been referred to from Mr. Sweezy. It is a letter addressed to the three brokers.

Mr. LENNOX: Do they not have to file an official prospectus before they can put stock on the market.

Mr. MONTGOMERY: Yes.

Mr. LENNOX: Where would that be.

The CHAIRMAN: Is that the Dominion Securities Company to which reference is being made.

Mr. MORIN: This happens to be put out by Newman Sweezy & Co., but all three contain the same letters.

The CHAIRMAN: We want the official prospectus as to the authorization of the company with respect to just such advertising as you have in your hand. That by Newman Sweezy & Co., the company authorized that, I presume.

Mr. MONTGOMERY: I fancy so, and I fancy that the prospectuses that was used by Newman, Sweezy & Co., Wood Gundy & Co., and Dominion Securities, were practically identical, except for the names at the foot of them.

Mr. MORIN: It is an exact copy of what we have, Mr. Chairman.

The CHAIRMAN: I would like to know if this was issued with the consent and approval of the Beauharnois Company.

Mr. MONTGOMERY: I have no doubt about it.

Mr. WHITE: It is the usual letter to the brokers setting out the facts.

The CHAIRMAN: Mr. Dun, I wish you would get from the Department of the Secretary of State a certified copy of the prospectus or statement in lieu of the prospectus, or both if both were filed.

The Committee stands adjourned until half-past two.

AFTERNOON SITTING

On Resuming at 2.30 P.M.

The CHAIRMAN: Gentlemen, Mr. Cannon, acting for the Province of Quebec, has raised the point as to whether these proceedings are being printed in French.

Mr. CANNON: I beg your pardon, Mr. Chairman. I was just enquiring whether they had been printing the proceedings in French.

The CHAIRMAN: Yes. Precaution was taken at the initial meeting to provide for that.

Mr. CANNON: Printing the proceedings in French would mean translation and considerable delay.

The CHAIRMAN: We thought it desirable and they are being printed in French. They will be a little late each day but they will be printed.

Mr. WHITE: Mr. Chairman, there is a matter I wanted to speak to the committee about. That is, I find myself somewhat handicapped in the conduct of this work. Being accustomed to working with a secretary you get to rely on them very much, and I find that my work is pretty well impaired by reason of not having some clerical assistance of this kind, and I was wondering if I would be asking too much if I might be supplied with somebody who can do stenographic work and get papers out, and make summaries of things for me so that in that way I would be expediting the work of this committee.

The CHAIRMAN: I think that is desirable, Mr. White. My experience with that sort of help is that if there is somebody available who has worked for you before then so much the better.

Mr. WHITE: Well, there is a gentleman in town here, Mr. Beardsley, who was with me in the Moving Picture investigation, and whose services I found very valuable.

The CHAIRMAN: Is he presently engaged.

Mr. WHITE: I understand not, in fact, he is in the room at the present time.

The CHAIRMAN: His remuneration, I understand, would be fixed by the Speaker or the Clerk of the House.

Mr. MORIN: I have only a few remarks to add about Exhibit 17, file 804 1-D.

At page 95 you will find a letter from a member of the House asking the Prime Minister of the day to order a public investigation before granting this order. I suppose there is no use naming this member.

The CHAIRMAN: I do not know who it is, but I think he ought to be proud of his name being mentioned.

Mr. MORIN: And at page 52 you will read the advice of the Deputy Minister of Justice, Mr. Edwards, about this order in council.

Mr. WHITE: Had you not better put in the letter from the department.

Mr. MORIN: Yes. You will find this reference by Mr. Hunter.

Mr. WHITE: Might I suggest that this be read.

Hon. Mr. MACKENZIE: I think both these letters are very important. The letter from the Public Works department to the Department of Justice and their reply.

Mr. MORIN: At the close of this investigation we might draw your attention to the details of all those documents.

The CHAIRMAN: Mr. Morin, with respect to a communication addressed to the Deputy Minister of Justice, to which a reply has been made, those documents are short and they seem to me to be very important.

Mr. MORIN: Well, they are long.

Mr. WHITE: Not too long.

Mr. MORIN: Well, a few pages.

Mr. MONTGOMERY: They will have to be read at some stage, I am sure.

The CHAIRMAN: The committee seems to be agreed that they should be read. Are they separate exhibits.

Mr. MORIN: They are in the same file 804-1D.

Hon. Mr. MACKENZIE: Before you do proceed to that, General Stewart wants to know the date of the letter written by the member of parliament asking for the investigation.

Mr. MORIN: January 1929, and the order in council was March.

At page 40 of file 804-1D there is a long letter from Mr. Hunter to the Department of Justice dated December 17, 1928, as follows:

Application has been made to the Minister of Public Works, under section 7, chapter 140, R.S.D. 1927, Navigable Waters Protection Act, by the Beauharnois Light, Heat & Power Company in the following terms; "The Company now asks for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second.

This application is dated January 17, 1928, was addressed to His Excellency the Governor General in Council, and by Council referred to the Minister of Public Works.

The Company has been incorporated by Provincial act of the Province of Quebec. It secured from the Province of Quebec an emphyteutic lease for 75 years, and which, in its terms requires the company to secure Dominion permission to proceed with its works.

The company proposed to develop hydraulic power at or near Melocheville on the south west end of Lake St. Louis. To do this it proposed to build a power house near Melocheville, excavate a canal from the power house up to Hungry Bay, so called, which is a part of Lake St. Francis and lies on the southeast end of that lake near Valleyfield.

Through this canal the company proposed to divert water from Lake St. Francis, an enlargement of the St. Lawrence River, use this water for the generation of power at Melocheville and return the water to the St. Lawrence River in Lake St. Louis.

The company proposes the erection of dams consisting of piers with movable gates between the south and north shores of the St. Lawrence River so as to compensate by regulating the level of Lake St. Francis for navigation, after the proposed diversion is carried out.

In the stretch of the St. Lawrence intervening between Lake St. Francis and Lake St. Louis the company proposed to build spur dykes or dams to compensate for the diverted water to be navigated by the boats now running the rapids between Lake St. Francis and Lake St. Louis.

The Navigable Waters Protection Act, part 1, section 2 reads as follows:—

In this Part, unless the context otherwise requires (a) "Lawful work" means any work not contrary to the law in force at the place of the construction thereof at the time of such construction; (b) "work" includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure,

tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the following or not, which may interfere with navigation. RS. c. 115, s. 2: 1918, c. 33, s. 1.

I would inquire if in your opinion the application may be treated as provided by section 7 of the Act, as a work concerning which Parliament, in passing this Act, delegated to the Governor General in Council its authority as in respect to navigation.

I would inquire further, should your opinion be negative to the above question, would this be a work concerning which Parliament retained to itself its powers to approve, similar to the question of bridges over the St. Lawrence, as was done in section 11 of the Act, and if the company should secure a Dominion enabling act to proceed with its proposed works.

I may say that the only case approaching this in similarity, where an application was made under the Navigable Waters Protection Act, is the application approved by Order in Council of February 28, 1929, of the Hydro Electric Power Commission of Ontario for approval of plan and description of certain power development works proposed to be constructed at the mouth end in the navigable channel of the Welland River which flows into Niagara River at Chippewa above Niagara Falls, in the Province of Ontario. In this case the diversion is provided for under the Boundary Waters Treaty of 1909.

Similar works have been by charter of the Dominion Government, and under the charters the plans for approval were submitted to this department and to the department of Railways and Canals. The application of the Michigan Northern Power Company and the application of the Algoma Steel Corporation, Limited, seeking the approval of proposed diversion of water on the Michigan and Ontario sides of St. Marys river were dealt with by the International Joint Commission.

In the case of the Beauharnois Light, Heat & Power Co., I would refer also to article 4 of the Boundary Waters Treaty of January 11, 1909, which reads as follows:—

The High Contracting Parties agree that, except in cases provided for by special agreement between them, they will not permit the construction or maintenance on their respective sides of the boundary of any reedial or protective works or any dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary, the effect of which is to raise the natural level of waters on the other side of the boundary unless the construction or maintenance thereof is approved by the aforesaid International Joint Commission.

It is further agreed that the waters herein defined as boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other.

As previously stated, the outlet of Lake St. Francis is to have erected in it a series of piers and sluices for the purpose of controlling the outflow from Lake St. Francis. This structure, as well as the proposed diversion through the canal, will be in waters at a lower level than the boundary in a river flowing across the boundary, the effect of which may be to raise the natural level of waters on the other side of the boundary. Would you be kind enough to say, if, in your opinion, any approval by this Government of the proposed works should subsequently receive the approval of the International Joint Commission.

In connection with this matter another point arises which has possibly some legal bearing and necessitates a short history.

On January 21, 1920, the Governments of United States and Canada referred to the International Joint Commission for investigation and report under the terms of Article 9 of the treaty of January 11, 1909, certain questions relating to the improvement of the St. Lawrence river between Lake Ontario and Montreal for navigation and power. The two governments created an International Board of Engineers to report to the Commission on the Engineering features of the proposed improvement. The Commission's report is forwarded with their letter of January 6, 1922. The International Joint Commission, in discussing the report of the International Board of Engineers, concluded by suggesting that the plan submitted should be submitted to a larger board for final determination.

This was done and the report of the Joint Board of Engineers, November 16, 1926, was made to the two governments.

The engineering reports subdivided the river into sections and the particular section under construction in the application of the Beauharnois Light, Heat and Power Company is the Soulanges section, pages 35-38 of the engineering report of November 16, 1926. That report set forth its recommendations and a scheme which it proposed.

The scheme underlying the present application of the Beauharnois Light, Heat and Power Company, is an alternative to the Beauharnois Light, Heat and Power Company's scheme was produced subsequent to the report of the International Board of Engineers, although mentioned therein as a navigation canal possibility.

Would the status of the investigation first initiated under the International Joint Commission have any bearing of a legal nature on the application of the Beauharnois Light, Heat and Power Company, or would this represent a matter of international policy and amity.

The questions of pressing importance to which we would like to have answers at the earliest possible opportunity, are:—

1. Under the Navigable Waters Protection Act is there any power in the Department to authorize the diversion of 40,000 cubic feet of water per second as requested in the application? and if so under which section?

2. Under the Treaty of 1909, and the steps taken thereunder, including the findings of the International Joint Commission, can a scheme of diversion and remedial work be authorized without reference to the International Joint Commission?

J. B. HUNTER,
Deputy Minister.

Then here is the reply from Mr. Edwards, dated December 21, 1928:—

I have the honour to refer to your letter of the 17th instant with accompanying papers relative to the application which has been submitted to the Minister of Public Works by the Beauharnois Light, Heat and Power Company, for approval by the Governor in Council, under sec. 7 of the Navigable Waters Protection Act, R.S.C., 1927, chap. 140, of the site and plans of certain works proposed to be constructed by the Company in connection with a proposed hydro-electric power development on the St. Lawrence River between Lake St. Francis and Lake St. Louis.

The Company is incorporated by, and derives its powers under, chapter 72 of the Statutes of Quebec, 2 Edw. VII as amended by 1 Geo. V, c. 77, and 18 Geo. V, c. 113. The plan of construction of its proposed power development is to divert water from Lake St. Francis by means

of a canal or waterway, with its intake located at Hugry Bay in Lake St. Francis and its outlet at or near Melocheville on the shore of Lake St. Louis, where the flow of water will be discharged through a power house and returned to the St. Lawrence River. The general design of the project includes provision for the development of navigation facilities through the proposed canal, if and when such facilities should be required, but the initial installation appears to be primarily for the development of hydro-électric power and contemplates the use for this purpose of a daily average flow of 40,000 cubic feet per second. The Company proposes, in connection with this development, to construct certain regulating and compensating works and to carry out certain dredging in the St. Lawrence River between Lake St. Francis and Lake St. Louis for the purpose of maintaining the levels of Lake St. Francis and safeguarding the requirements of the present canals and downstream navigation. With a view to carrying out its project, the company has secured from the Province of Quebec an emphyteutic lease for seventy-five years of the lands which will be required for the construction of these remedial works and also the rights of that province to such part of the hydraulic powers of the St. Lawrence River as can be developed by means of the proposed canal between Lake St. Francis and Lake St. Louis with a maximum flowing capacity of 40,000 cubic feet per second. The lease is granted subject to the understanding that the lessee shall obtain from the Federal Government, in so far as its rights are concerned, authorization to divert a flow of water of 40,000 cubic feet per second.

The Company, according to the terms of its present application, asks "for approval of its proposed development and in connection therewith makes application for all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet of water per second."

The questions upon which you require my opinion and my answers thereto are as follows:—

1. Under the Navigable Waters Protection Act is there any power in the department to authorize the diversion of 40,000 cubic feet of water per second as requested in the application, and if so under what section?

In my opinion there is no power in the Governor in Council, under the provisions of the Navigable Waters Protection Act, to authorize the diversion from Lake St. Francis of 40,000 cubic feet of water per second or of any quantity of water for the purpose of the Company's proposed development except in so far as the diversion of such water is necessarily incidental to, or is the real object intended to be subserved by, the construction of works which are subject to the provisions of that Act. The plans of the Company's proposed development embrace the construction of certain regulating and compensating and other works in the St. Lawrence River and I think it would be within the power of the Governor in Council, under section 7 of the said Act, to grant approval of the plans and proposed sites of these works. It would, of course, be relevant and proper for the Governor in Council, in deciding upon the propriety of granting or withholding his approval of the plans and sites of such works, to consider whether or not the proposed works, when constructed, would be suitable and adequate, as regulating and compensating works, to make the proposed diversion of 40,000 cubic feet of water per second from Lake St. Francis practicable without detriment to the interests of navigation. It is to be borne in mind that the interests of navigation in the St. Lawrence River are paramount, and that by

Article XXVI of the Treaty of Washington between Her Britannic Majesty and the United States of America, signed on May 8, 1871, the High Contracting Parties agreed,—

The CHAIRMAN: Was not that treaty amended by the subsequent treaty of Washington of 1909.

Mr. MORIN: Well, he quotes the law. He must be quoting the last treaty.

Mr. MONTGOMERY: The discussion of the Washington Treaty of 1909 follows, Mr. Chairman:—

The navigation of the River St. Lawrence ascending and descending from the 45th parallel of north latitude, where it ceases to form the boundary between the two countries, from, to and into the sea, shall forever remain free and open for the purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain or of the Dominion of Canada not inconsistent with such privilege of free navigation.

Accordingly, should the Governor in Council decide to grant approval of the plans and sites of the proposed works under the Navigable Waters Protection Act, it will be proper for him, in the exercise of his powers under the statute to make the grant of his approval subject to such orders or regulations as he may deem expedient for the protection of the interests of navigation. These orders or regulations should be framed upon the advice of competent engineers.

2. Under the Treaty of 1909 and the steps taken thereunder, including the findings of the International Joint Commission, can a scheme of diversion and remedial work be authorized without reference to the International Joint Commission?

The boundary between Canada and the United States, as defined and laid down under the treaties, ceases to pass along the River St. Lawrence at the point of its intersection with the River St. Lawrence near the 45th parallel of north latitude, and this point is near the head of Lake St. Francis. The waters within which the Company's proposed works are to be constructed are, therefore, national, as contra-distinguished from international boundary waters. They do not form part of the boundary waters defined in the preliminary articles of the Boundary Waters Treaty between Canada and the United States of January 11, 1909, but are, on the contrary, by the general words of exception in that definition, excluded therefrom. It is to be observed, however, that by Article IV of the Treaty.

The High Contracting Parties agree that, except in cases provided for by special agreement between them, they will not permit the construction or maintenance on their respective sides of the boundary of any remedial or protective works or any dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary the effect of which is to raise the natural level of waters on the other side of the boundary, unless the construction or maintenance thereof is approved by the aforesaid International Joint Commission.

And by Article VIII it is further provided that,

In cases involving the elevation of the natural level of waters on either side of the line as the result of the construction and maintenance on the other side of remedial or protective works or dams or other obstructions in boundary waters or in waters flowing therefrom or in waters below the boundary in rivers flowing across the boundary, the Commission shall require, as a condition of its approval, that suitable and

adequate provision, approved by it, be made for the protection and indemnity of all interests on the other side of the line which may be injured thereby.

I am of opinion that the plain intent of these articles of the treaty, as regards the present case, is to require that the construction of the proposed works shall be approved by the International Joint Commission, if the said works, when constructed, would have effect to raise the natural level of waters on the United States side of the boundary; but if the construction of the proposed works would not be attended by that effect, then I am of opinion that the construction of the works may be authorized without reference to the International Joint Commission. The question whether the proposed works, when constructed, would or would not have the effect mentioned is, of course, not a legal but an engineering question, upon which you will no doubt take the advice of competent engineers. I desire further to point out that, even though the engineers consulted might be satisfied that the proposed works, when constructed, would not involve the elevation of the natural level of the waters on the United States side of the boundary, the question whether they would or would not have that effect might form the subject of an *ex parte* reference by the United States Government to the International Joint Commission, for examination and report, under the terms of Article IX of the treaty.

There are before the department no plans whatever as to the remedial works. The company never submitted any plans for approval. I will prove that by Mr. Hunter in a few minutes, as to the remedial works in the St. Lawrence. The whole question is as to whether those works will have some bearing on this international water. It is a question of argument as to the remedial works they are going to erect in the St. Lawrence River, and up until now no one can tell because no plan has been submitted by the company for the approval of the department of Public Works.

Mr. MONTGOMERY: They were produced yesterday.

Mr. MORIN: No, sir. In 1909 you submitted plans for remedial works on the St. Lawrence and those plans were withdrawn. I am informed by Mr. Hunter that you have submitted no plans for remedial works in the St. Lawrence.

Mr. JACOBS: We had better have that in evidence, Mr. Chairman.

Mr. WHITE: I thought Mr. Hunter said yesterday that the original plans for the remedial works had been withdrawn and that no subsequent plans were now up in the department for approval.

Mr. MORIN: I have a letter to that effect on the file.

Mr. WHITE: Mr. Hunter stated that yesterday.

Mr. MONTGOMERY: I am not questioning Mr. Hunter's statement. All I am saying is that you filed yesterday a great many of those plans.

Mr. MORIN: But they have been withdrawn so far as the remedial works are concerned.

Mr. MONTGOMERY: But they were filed and filed in the Registry Offices, and you filed them yesterday in this record. There are changes and modifications to be made in them as foreseen by the order in council.

Mr. JACOBS: Are not there some attached to the order in council P.C. 422.

Mr. MONTGOMERY: Yes, they are attached to the order in council.

Mr. MORIN: The order in council says that these remedial plans are no good, they do not provide for adequate regulations. They are not satisfactory, and the order in council says so. And they say before commencing your work you will have to submit other plans.

Sir EUGÈNE Fiset: What order in council says so.

Mr. MONTGOMERY: They are all approved subject to such modifications. The order in council speaks for itself.

Mr. MORIN: Anyway, we must have something to work on.

J. D. HUNTER, recalled, examined by Mr. Morin.

By Mr. Morin:

Q. Mr. Hunter, do you have in your department any plans submitted for your approval in connection with the remedial works in the St. Lawrence river.—A. Not at the present time.

Q. I understand that there were plans filed but which were withdrawn.—A. You will find that in the letter of the company, of August 1930.

By Mr. White:

Q. That is the letter submitting a general plan at that time.—A. No, they were submitting detail plans.

Q. And a general plan, Mr. Hunter.—A. Well, I think that carried through all the time.

By Hon. Mr. Mackenzie:

Q. Mr. Hunter, there was a general plan filed and attached to P.C. 422 in the first instance.—A. There was.

Q. And that general plan is specifically referred to in the last part of P.C. 422. Let me read this to you:

It is clearly stipulated and understood that nothing is hereby granted except approval of the proposed works under the provisions of the Navigable Waters Protection Act upon and subject to these conditions.

The committee on the recommendation of the Minister of Public Works submits for your Excellency's approval under Section 7, Chapter 140, Revised Statutes of Canada, 1927, the Navigable Waters Protection Act—(Subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the descriptions and plans attached, in booklet form,

Were those plans approved at that time, attached to the order in council.—A. Well, the order in council approved them on these conditions.

Q. Exactly so.—A. Yes.

Mr. MORIN: The order in council clearly says they are not satisfactory.

Mr. JACOBS: Perhaps Mr. Montgomery has some questions to ask.

Cross-examined by Mr. Montgomery

By Mr. Montgomery:

Q. The plans which accompanied the application, and which were attached to order in council 422, included plans for the control or remedial works did they not.—A. They did.

Q. And those control or remedial works, subject to the conditions enumerated higher up in the order in council were approved.—A. By that order in council?

Q. Yes.—A. Yes.

Q. And that order in council provided for modifications or alterations being made and approved by the minister?—A. Yes.

Q. And I assume that such plans as have been withdrawn are in conjunction with such modifications as are required by the engineers of your department.

—A. That is my understanding, and the company's letter will explain that, their letter of August 22, 1930.

By Mr. Lennox:

Q. You have the letter there and the reason is given for withdrawing them.

A. I have not got the letter. It is on file 804-1. I can read it.

By Mr. Montgomery:

Q. When you speak of withdrawal, Mr. Hunter, you speak of what is in that letter which Mr. White is now looking up.—A. That is what I am referring to, yes.

Q. And I assume that copies of those plans, including copies of the control plans are still on file in the different registry offices where they were required to be filed prior to the application.—A. I have not reason to doubt but what they are.

Q. And they appeared yesterday to be still attached to P.C. 422.—A. Those original plans are still here. I am speaking of those that were submitted later and discussed.

Q. You are only speaking of your departmental records. The original plans are still here.—A. Oh, they have always been here, yes.

Q. They have never been withdrawn.—A. They have never been withdrawn, that is, those attached to order in council P.C. 422.

Hon. Mr. MACKENZIE: What is the extent of the original plans now.

By Mr. Montgomery:

Q. Would you kindly inform the committee what is the extent of the original plans attached to P.C. 422.—A. You mean an engineering description of those plans? I do not know that I am competent to give you that.

Q. Well, I have before me a copy—A. There was a booklet filed with plans.

Q. For instance, looking at the title, dams 1, 2 and 4, and control works. I am only looking at the legend.—A. Whatever plans accompanied the booklet with plans filed with the order in council P.C. 422.

Q. I am informed there were ten plans attached to order in council P.C. 422, and they still remain attached to that order in council.

Hon. Mr. MACKENZIE: Could we find out if any of these general plans referred to remedial works.

The WITNESS: The general plans referred to remedial works.

Hon. Mr. MACKENZIE: It is very important to get that out.

By Mr. Montgomery:

Q. I am instructed, Mr. Hunter, that there are ten plans attached to P.C. 422 referring to remedial works in the river.—A. I have no doubt that is correct.

Q. And that those still remain attached to P.C. 422.—A. They still remain attached.

Q. And have not been withdrawn, the original plans.—A. In so far as any withdrawal mentioned in this letter of August, 1930, would do that, whatever that letter means.

Mr. LENNOX: That letter says the plans and documents listed are entitled to supersede—

Mr. MONTGOMERY: That is the second set of plans that were superseded.

Mr. LENNOX: The plans and documents listed are entitled to supersede those enclosed with our letter of July 29, 1929, to the Minister of Public Works.

Hon. Mr. MACKENZIE: They are both detailed plans called for in the original order in council.

Mr. LENNOX: That is not right. It says general plans and gives a list of them, detailed plans of construction. This is contained in the letter of 22nd August, 1930, "detailed plans of construction and information for the Minister of Public Works, dated August 20, 1930," containing memorandum and information, general plan and profile of proposed development dated August 20, 1930.

Hon. Mr. MACKENZIE: The new general plan.

Mr. MONTGOMERY: You will see it is a general plan. The phraseology in that letter is a little misleading. You will see that what he speaks of as a general plan was details of the general plan previously filed.

Hon. Mr. MACKENZIE: That is where the confusion arises.

Sir EUGENE Fiset: I am not quite sure that the statement of Mr. Montgomery is absolutely right. I think there are 12 plans attached to the order in council, 2 general plans and 10 detail plans, and the same number of plans were attached to the letter of July, 1929, and the same number of plans, the last plans, the third set have been withdrawn by the company.

Mr. MONTGOMERY: The last general plans?

Sir EUGENE Fiset: The detail plan mentioned in the letter of July, 1929. These are the third plans that have been withdrawn by the company.

Mr. MONTGOMERY: July, 1929, was the second set of plans and August, 1930, was the third set, and the legend reads "detailed plans of construction and information for the Minister of Public Works" in pursuance of condition 11 of the order in council.

Mr. WHITE: Yes, but I must not let the statement of my learned friend go unchallenged, that the thing that is referred to as a general plan is not a general plan. I should like to have the evidence of some competent engineer upon that point and I propose to adduce that evidence for the information of the committee.

Mr. MORIN: And judgment was passed by the Privy Council on those plans filed, annexed to order in council, P.C. 422, and the Privy Council set aside those plans. You will find, at page 7 of the order in council, that they came before the executive and submitted those plans. They had to do it. And the Privy Council said, at page 7:—

With regard to the effect of works on existing canal navigation, the committee finds that the regulating works proposed by the Company in the Coteau Rapids combined with the 40,000 cubic feet per second diversion do not provide adequate regulation, according to the plans filed.

Mr. MONTGOMERY: That is the recital of the engineer's report.

Mr. MORIN: And it is approved of by the Privy Council. And then you will find on page 8 that the works proposed by the Company for rectification purposes in this section are not satisfactory.

Mr. WHITE: On page 7 you are leaving out something that is quite important:

An extension of these works would permit them, when satisfactorily operated, to protect existing navigation and the levels of Montreal Harbour.

The committee finds that so long as the flow through the Soulanges section is prevented from varying, there will be no adverse effect on navigation below, but if a variation in flow in the future is permitted it will necessitate a regulating dam about at the foot of Lake St. Louis and, under such circumstances, all interests developing power in the Soulanges section should be assessed for the construction of such a work.

In other words, the approval of the remedial works according to the plans attached to the order in council, are not as such approved but require additional

works according to the judgment of the council at that time. Then it goes on to say:

With respect to the effect of works on river or rapids navigation, the committee finds that the diversion of 40,000 cubic feet per second will adversely affect navigation in the Soulanges section and that the works proposed by the company for rectification purposes in this section are not satisfactory.

Mr. MONTGOMERY: Mr. White, just a second. We are talking at cross purposes surely. What you are reading from is the recital of the engineer's report. Now, after reciting that and the objections taken, you get the committee approving of the plans as filed—

(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder.)

And in the clauses above there are provision for alterations. In condition 4 for instance:

Notwithstanding the approval herein contained the Minister of Public Works may at any time (a) order any additions to, improvements, alterations, or changes in substituting for or modifications or removals of works constructed or in course of construction or proposed or required to be constructed by the Company pursuant to this approval, and—

Mr. MORIN: And one of the conditions imposed, Mr. Montgomery, is that you shall not commence the construction of the works until detail plans of construction are filed.

Mr. MONTGOMERY: Do not let us argue that all over again. That is an entirely different question. And, in pursuance of that, you have condition 4 providing for alterations or modifications, no doubt giving effect so that the engineers of the department will have an opportunity to confer with the engineers of the company and make such alterations in those remedial works as they, in their opinion, may think advisable, and that I understand is in progress. They are conferring together and, no doubt, there will be alterations in the remedial works, certain alterations to give effect to either the recommendations of the department's engineers or the experience of the company itself upon further investigation. Those will be given effect to.

Mr. WHITE: Then, Mr. Chairman, do I understand my learned friend as arguing that in respect to the plans attached to the original order in council P.C. 422, that the Privy Council of Canada has approved of plans which the committee of engineers on whose recommendation they were acting found not to be satisfactory.

Mr. MONTGOMERY: They approved of them.

Mr. WHITE: If that is the contention then I have nothing more to say.

Mr. MONTGOMERY: The order in council plainly says that it is subject to those conditions:—

The committee, on the recommendation of the Minister of Public Works, submit for Your Excellency's approval, under section 7, chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—(subject to the foregoing conditions and to such additions, improvements, alterations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the description and plans attached in booklet form.

and it gives the description of the plans that are approved.

Mr. LENNOX: Is it your contention that the works are being constructed under that original plan attached to P.C. 422.

Mr. MONTGOMERY: Subject to changes as to details. There are changes which, no doubt, are going to be described.

Mr. LENNOX: That is the contention that they are working under that plan subject to modifications and changes.

Mr. MONTGOMERY: Yes, that is my contention.

Mr. LENNOX: Then we understand it.

Mr. MONTGOMERY: Perhaps I should add this, that so far as the remedial works are concerned, which is what we are talking about now, they have not even been commenced, so that they are not in course of construction. There has been no work done in the river yet.

Mr. LENNOX: Then there are further plans to be filed covering the remedial works.

Mr. MONTGOMERY: Yes.

The CHAIRMAN: So that, Mr. Montgomery, adverting to the discussion that took place yesterday, you confirm the position that the Beauharnois company has not yet received from the Governor in Council the approval of any plans that would enable them to go ahead and interfere with navigation; but you are going to work up, as Mr. Hellmuth and I discussed yesterday, or you can work up to the point where navigation will be interfered with and then it is plenty of time to come to the Governor in Council for approval of plans.

Mr. MONTGOMERY: I do not think I could answer that just in that way, because these plans must be revised, and you will bear in mind that the letters of July, 1929, and August, 1930, say "after conference with your engineers we are forwarding to you a new set of plans replacing those which were attached, or superseding those other plans." Now, those plans were sent up, one set, in July, 1929, and the other in August, 1930, thirteen months apart, and those are the plans that were to be submitted according to this clause 11 in the order in council, and that did not require according to the terms of the order in council a further order in council by the Governor in Council. In other words, it required approval by the Minister.

The CHAIRMAN: You have told me that authority in P.C. 422 of the Minister is sufficient to procure the adoption by the Minister of any supplementary plans other than the original.

Mr. MONTGOMERY: That in turn, I fancy, would require a modified answer. Obviously the Minister could not go outside the plans which were approved by the Governor in Council. He could not approve a new plan, for instance, that substantially altered a new plan. If he did that, why a further order in council would no doubt be required. Changes in detail have to be carried out all the time. The same way with the Dominion Railway Board which is a body somewhat analogous, with certain powers. They make an order for the construction of a railway bridge, then the details have to be submitted to their engineer. Obviously, in a general plan such as is filed in the first instance for approval, detailed plans have to be filed, and you could never expect a work of this magnitude to be carried out exactly on the first plan. Changes have to be made. For instance, take underground work, conditions are encountered which are not apparent or obvious on the surface and, as I say, changes have to be made to meet those conditions. That is a matter which has occurred in connection with every power development that has been undertaken.

The CHAIRMAN: I quite appreciate that. Supposing something occurred during the working out of a scheme generally that would affect navigation in a way that was not contemplated by the original general plan. Do you suggest then that you must go to the Governor in Council for approval of that plan.

Mr. MONTGOMERY: I fancy so if it was obviously a new plan. In other words, what we call a detail plan of the first order in council, the Minister would feel bound to go back and get a further order in council.

The CHAIRMAN: Just one other question if I may. After the filing of the first general plan with P.C. 422 then two sets of general plans with small detail plans for remedial or other works, were, in fact, filed each in substitution of the one that went before, if these letters are correct.

Mr. MONTGOMERY: Yes. Well, the last, of course, could not be in substitution exactly of the others because the others are attached to P.C. 422.

The CHAIRMAN: I mean, they take the second general plan, accept it as taking the place of the first one.

Mr. MONTGOMERY: I suppose so.

The CHAIRMAN: And the third general plan would take the place of the second general plan.

Mr. MONTGOMERY: I have not personally checked those general plans to see how far the one supersedes the other; but I could quite appreciate if I am filing a complete set of plans where certain details are shown, with certain alterations in the general plan,—it is quite possible that might be a detail well covered by the original order in council and yet, from an engineering point of views, superseding Number 1.

The CHAIRMAN: Could you answer this, Mr. Montgomery: Is the general plan to which the Beauharnois is presently working, on file with the department or any department of government and has it the approval of Governor in Council.

Mr. MONTGOMERY: Well, of course, the plans that were filed, and the only ones which have been approved by the Governor in Council subject to modifications to be made, and so on, are on file and have been approved. Now, approval contemplated details, modifications, alterations, and so on, and the conditions for that procedure plainly are laid down in the order in council. That is quite within the contemplation of the order in council.

The CHAIRMAN: What you say is that under order in council P.C. 422 approval was given to a general plan and to some detail plans, and that in the order in council the Governor in Council rightly or wrongly—we have to assume rightly for the moment—delegated to the Minister the authority set out in P.C. 422 with respect to the approval to any subsequent plans that might be presented as the work progressed, and which became necessary in order to facilitate the carrying out of the project.

Mr. MONTGOMERY: Yes, precisely.

The CHAIRMAN: And is there any limitation.

Mr. MONTGOMERY: Well, the limitation obviously would be that if it involved a different scheme, as it were, then the power given to the Minister to work out the practical details of the thing, and so on, would not cover a radical change in the scheme. If such a thing were put that way he would have to go back and get a new order in council.

Mr. WHITE: And who would be the judge of what was radical or what was not radical.

Mr. MONTGOMERY: I do not know whether it would be a matter of law or what it would be.

Mr. LENNOX: What I cannot understand is, if it is only a matter of a change in detail why were two separate general plans filed; you did not need to do that.

Mr. MONTGOMERY: Yes.

Mr. LENNOX: You have your general plan filed. Now then, you say, under the terms of order in council P.C. 422 there necessarily have to be changes in details.

Mr. MONTGOMERY: Yes, and those changes in detail may affect the general plan.

Mr. LENNOX: As I said before, I do not see why you filed two other general plans.

Mr. MONTGOMERY: Because the changes in the detail plans—and you will see it more clearly when we have the facts before you; we have a map showing graphically just exactly how they have changed. For instance, at the north end, the upstream end, the Hungry Bay end, the undertaking has been moved higher up. It was found advisable to move it somewhat higher up instead of having a bottle neck, as it was before. They carried it the full width and that obviously affected the general plans. That necessitated a plan which showed the thing going out the whole depth. The general plan which was filed yesterday, the one that was attached to 422, shows this 4,000 foot canal, and up at the upper end, for instance, it showed 1,100 feet. When they came to do that they found that the entrance had been moved up and they carried it out instead at the 3,300 feet. That obviously, from an engineer's point of view, necessitated showing that on the general plan in the same way.

Mr. LENNOX: That could be provided for by a supplementary detail.

Mr. MONTGOMERY: If you like, we could show a detail plan of that section; but their way of doing it was apparently, if my friend is correct, a general plan showing the changes in the first plan.

The CHAIRMAN: Perhaps that "general plan" in the letter was just a euphonious way of putting it.

Mr. MORIN: I am informed by engineers that these remedial works cannot be covered by plans. The final decision is taken on the amount of water to be developed. That is the main question. You have to build a diversion work with a capacity of 40,000 cubic second feet in such and such a way. Then if you divert 100,000 cubic second feet you have to build other remedial works. I am not an engineer but it seems to me to be quite clear that if you build remedial works to provide for a diversion of 40,000 cubic second feet and then in one year or two years you get authority to divert 100,000 cubic second feet you will have to scrap most of the remedial works. So that may be the reason, and they would have to be careful about proposing any remedial works and commencing any work in relation to same before there is a final decision as to the amount of water they are going to get from the St. Lawrence river. I think that is the point, Mr. Montgomery.

Mr. MONTGOMERY: I know whatever the reasons may be that we are working on those remedial works.

Mr. WHITE: Might we be informed as to the amount of water involved in the present calculation.

Mr. MONTGOMERY: We have been here since last Tuesday and I understood there were two quantities involved, one 40,000 second feet and the other I think it was 13,000, and also that there had been an application to Quebec for 30,000.

Mr. WHITE: Well, that is why I was asking because obviously the character of the works depends upon the amount of water that is going to be developed.

Mr. MONTGOMERY: Don't you think we can leave that to the engineers, Mr. White.

Mr. WHITE: As far as I am concerned it will have to be left to someone other than myself.

The CHAIRMAN: Well then, had we not better get on.

Mr. WHITE: You, Mr. Chairman, asked for a certified copy of the prospectus, or statement in lieu of prospectus, filed by the Beauharnois Power Corporation, and I have a copy here certified by the Under-Secretary of State under the seal of the Secretary of State. With this is a copy of a statement in lieu of prospectus, filed by Beauharnois Power Corporation Limited pursuant to section 52 of the Company's Act, presented for filing by McGiverin, Haydon & Ebbs who, I understand, are a firm of practising barristers in Ottawa:

I hereby certify that the annexed document is a true and correct copy of the statement in lieu of prospectus filed in the Department of the Secretary of State of Canada, on the thirtieth day of September, one thousand nine hundred and twenty-nine, by Beauharnois Power Corporation Limited.

Given under my hand at Ottawa, this twenty-fifth day of June, one thousand nine hundred and thirty-one.

THOMAS MULVEY,
Under-Secretary of State.

THE COMPANIES ACT

STATEMENT IN LIEU OF PROSPECTUS FILED BY BEAUHARNOIS POWER CORPORATION LIMITED

Pursuant to Section 52 of The Companies' Act presented for filing by McGiverin, Haydon & Ebbs

1. The nominal share capital of the company.

Four Management Preferred Shares without nominal or par value, 1,799,995 Class A Common Shares without nominal or par value and 3,200,000 Class B Non-Voting Common Shares without nominal or par value. Provided, however, that the said shares without any nominal or par value may be issued for such consideration as may from time to time be fixed by resolution of the Board of Directors of the company, not exceeding in the aggregate the sum of fifty million (\$50,000,000) dollars, or such greater amount as the Directors may deem expedient and as shall be authorized from time to time by the Secretary of State of Canada.

2. Divided into—

See answer to one above.

3. Names, description and addresses of directors or proposed directors.

Osmond F. Howe, Barrister-at-law, Trust Bldg., Ottawa, Ont., Duncan K. MacTavish, barrister-at-law, Citizen Bldg., Ottawa, Ont., Belle Fraser, stenographer, Ottawa Electric Bldg., Ottawa, Ont., Lyla Brennan, stenographer, Ottawa Electric Bldg., Ottawa, Ont., Edythe H. O'Malley, stenographer, 115 Sparks St., Ottawa, Ont., Bessie Conniffe, stenographer, 115 Sparks St., Ottawa, Ont., Lillian Dell, stenographer, Trusts Bldg., Ottawa, Ont., Elsie M. Burritt, stenographer, Ottawa Electric Bldg., Ottawa, Ont., Gwen Gunderson, stenographer, Trusts Bldg., Ottawa, Ont., Kathleen Havey, stenographer, Ottawa Electric Bldg., Ottawa, Ont., M. H. Kelly, stenographer, Ottawa Electric Bldg., Ottawa, Ont.

4. Minimum subscription (if any) fixed by Letters Patent, supplementary letters patent, or by-laws on which the Company may proceed to allotment.

None Fixed.

5. Number and amount of shares and debentures agreed to be issued as fully or partly paid-up otherwise than in cash. The consideration for the intended issue of those shares and debentures.

No shares or debentures have as yet been agreed to be issued other than the 5 Management Preferred Shares and 22 Class A Common Shares subscribed for by the applicants for the Letters Patent all of which have been paid in cash.

6. Names and addresses of Vendors and property purchased or acquired, or proposed to be purchased or acquired by the Company.

It is not clear, Mr. Chairman, what the syndicate secured. I propose to ask for the papers and documents and minutes of the syndicate, if such exist; but the point is that apparently what the Roberts turned over to the syndicate, we were told yesterday, were shares of the Beauharnois Light, Heat & Power Co. The consideration was \$20,000 in cash and 21,000 Class A shares of the Beauharnois Power Company.

Mr. MONTGOMERY: That was the unpaid balance, Mr. White, just as a matter of accuracy.

Mr. WHITE: We will go into all that.

Mr. MONTGOMERY: You have stated the figures and it is just as well to be accurate about it.

Mr. WHITE: Was there \$500 paid to bind the bargain in the first place.

Mr. MONTGOMERY: Oh, no.

Mr. WHITE: A substantial payment?

Mr. MONTGOMERY: Oh, yes.

Mr. WHITE: Well, that will appear, of course:

Amount (in cash, shares and debentures) payable to each separate vendor.

The Beauharnois Power Syndicate (an unincorporated Syndicate organized and existing under and in virtue of an agreement made at the city of Montreal on the 4th day of April, 1928, by and between F. Stuart Molson and others of the First Part and Marquette Investment Corporation of the Second Part) whose addresses is Yorkshire Insurance Building, St. James Street, Montreal, Quebec.

It is intended that the company shall enter into an agreement with the said The Beauharnois Power Syndicate and Marquette Investment Corporation, (company incorporated under the Quebec Companies' Act) as Depositary providing for the acquisition of the Company and/or its nominees upon the terms and conditions therein set out of the undertaking and assets of whatsoever nature of the Syndicate (except any unpaid balances and any uncalled balances for which the Syndicate Members may be liable to the Syndicate in respect of the part interests of the Syndicate held by them respectively)

The intended consideration for such acquisition shall be—

(a) The sum of \$4,750,000 payable to the Syndicate by the Company at the time and upon the conditions set out in the said agreement;

(b) The assumption by the Company of the liabilities and obligations of the Syndicate (except its liabilities and obligations to its members as such) and

(c) An undertaking by the Corporation to defray the expenses (to an amount not exceeding (\$10,000) of the winding-up of the affairs of the Syndicate, and the distribution of its assets among its members.

The said agreement further provides for the subscription by the said Syndicate at \$1.00 per share for one Million Class A Common Shares of the Company such shares to be allotted and issued to the nominees of the Syndicate, and to be paid for at the time of the transfer and delivery of the undertaking and assets of the Syndicate to the Company and/or its nominees, and the payment of the said sum of \$4,750,000 by the Company to the Syndicate.

The liabilities of the Syndicate assumed by the company as stated in sub-paragraph (b) will include a liability to pay \$20,000.00 and 21,000 Class A Common Shares of the Company to William Henry Robert and Sarah Mary Robert both of 1452 Bishop Street, Montreal, Joseph A. Robert of 371 Wilbroad Street, Ottawa, and Edmund A. Robert, Linton Apartments, Montreal, the Vendors of the said Syndicate of certain of the assets to be acquired by the Company as aforesaid.

6. Names and addresses of Vendors of property purchased or acquired, or proposed to be purchased or acquired by the Company.

Amount (in cash, shares and debentures) payable to each separate vendor).

7. Amount (if any) paid or payable (in cash or shares or debentures) for any such property, specifying amount (if any paid or payable for goodwill.

See answer to 6 above.

8. Amount (if any) paid or payable as commission for subscribing, or agreeing to subscribe, or procuring or agreeing to procure subscription for any shares or debentures in the Company, or rate of commission. Nil.

9. Estimated amount of preliminary expenses, \$75,000.

10. Amount paid or intended to be paid to any promotor. Consideration for the payment.

See answer to 6 above.

11. Dates of, and parties to, every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the Company or entered into more than two years before the filing of this statement).

No contracts have as yet been entered into by the Company. See however answer to 6 above. It is also intended that the Company shall enter into an agreement with Newman, Sweezey and Company, Limited, a company incorporated under the laws of the Dominion of Canada, and the Dominion Securities Corporation Limited, a company incorporated under the laws of the Dominion of Canada providing for the creation and issue of Thirty-Year 6% Collateral Trust Sinking Fund Bonds of the Company to an authorized principal amount of \$30,000,000 as set out in such agreement and providing for the sale to Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited of \$30,000,000 in par value of the said bonds together with 770,000 Class A Common Shares of the Company for the price of \$27,000,000 and accrued interest on the said bonds to the date of delivery all upon the terms and conditions set out in the said agreement.

Which apparently in short means that for agreeing to underwrite this \$30,000,000 of bonds the Newman Sweezey Co. and the Dominion Securities Corporation received \$3,000,000 in cash and 770,000 Class A Common Shares.

Mr. MONTGOMERY: That is not putting it quite accurately, Mr. White.

Mr. WHITE: Will you correct me, please.

Mr. MONTGOMERY: They never received any cash. The bonds were sold in 1927.

Mr. WHITE: Three millions of bonds, and my reason for saying that is that I understood the bonds were sold at par to the public. Then we will put it so that there can be no question about it, by saying that it shows they purchased \$30,000,000 of par bonds for \$27,000,000. The spread between the par value of the bonds and the price paid being \$3,000,000.

Mr. MONTGOMERY: The bonds were sold at ninety, which is a pretty good example—

Mr. WHITE: Was my statement correct.

Mr. MONTGOMERY: Your comment is what I am taking exception to.

Mr. WHITE: I know, but is there any exception to my last statement.

Mr. JACOBS: What is that, Mr. White.

Mr. WHITE: That these two companies, The Dominion Securities Corporation and the Newman Sweezy Co., Ltd., bought \$30,000,000 of par bonds for \$27,000,000, the spread between the price paid and the par value being \$3,000,000.

Mr. MONTGOMERY: The \$3,000,000 does not represent anything.

Mr. WHITE: We will find out later how much it represents exactly. And, in addition to the consideration for the underwriting there were 770,000 Class A Common Shares, and you will have evidence as to what the value of those shares was from time to time in the market.

No auditors have been appointed, and no director has any interest in the promotion of the Company. That is dated the 30th September, 1929.

Mr. JACOBS: The \$27,000,000 would mean that the bonds would be selling at ninety to bring \$27,000,000.

Mr. WHITE: Then the letter accompanying that which will be part of the same exhibit is, as I say, a letter from the Under-Secretary of State to Mr. Dun, Clerk of the Committee, two copies of the statement filed by the companies, 30th of September, 1929. This will be marked Exhibit No. 25.

Mr. Chairman, there is a witness here from Quebec who is exceedingly anxious to get away and while somewhat out of the order I would like to oblige him if the committee is agreeable. He is a practising barrister and I understand has to be in court in Hull to-morrow morning.

GERARD LACROIX, called and sworn, examined by Mr. Morin.

By Mr. Morin:

Q. Mr. Lacroix, you are a member of the bar of the Province of Quebec.—A. Yes, sir.

Q. And have been for how long.—A. Since 1923.

Q. And you are a member of the legal firm of Theriault, Bienvenue & Lacroix.—A. Yes, sir.

Q. Mr. Theriault, your senior partner was a few years ago a member of the Quebec Legislative Assembly.—A. Yes, sir.

Q. And he now is a member of the Legislative Council.—A. Yes, sir.

Q. And Mr. Bienvenue is the Chief Crown Attorney for Quebec.—A. Yes, sir.

Q. Have you been acting as attorney for this Beauharnois Light Heat & Power Co.—A. No, sir.

Q. Mr. Lacroix, I have here a copy of a private Bill which was submitted to the Quebec Assembly in 1928, Bill No. 141.—A. Yes, sir.

Q. Mr. Theriault, your partner, was the sponsor of this Bill.—A. Yes, it appears that way.

Q. Had he anything to do with this Bill except to help to pass it through the Assembly.—A. There was nothing that came through our office. Mr. Theriault has a separate office at the city hall.

Q. Had your legal firm any connection whatever with this Bill.—A. None whatever.

Q. And you have never been retained either by the Beauharnois Light Heat & Power Co., or the Beauharnois Power Co., in connection with this Bill.—A. No, sir.

Q. You had nothing to do with this Bill.—A. No, nothing to do with this Bill.

Q. So you are perfectly free to give us all the information you have about this Bill.—A. About the Bill?

Q. Yes, about the Bill.—A. I have no information at all about the Bill.

Q. Well, Mr. Lacroix, do you know who were the promoters of this Bill.—A. No, not at all, Mr. Morin. The only thing is that certain rumours were going around. That is the only information I have.

MR. JACOBS: We would like to know what that Bill is.

MR. MORIN: This Bill, Mr. Chairman, is a Bill granting a charter to the Beauharnois Light Heat & Power Co.

THE CHAIRMAN: Is that Bill, when it subsequently came into being, an Act of the Legislature.

MR. MORIN: It is an amendment to the charter.

MR. WHITE: The Bill is incorporated in the Act as part of Exhibit No. 20.

MR. MORIN: We will file this Bill as Exhibit No. 26.

MR. CANNON: If my learned friend wishes to file before this committee legislation passed by the Legislative Assembly of the province of Quebec, then he is not following the proper procedure, which he no doubt knows. It is simply a question of procedure.

MR. MORIN: It is just to establish that Mr. Theriault was the sponsor of this Bill through the House.

MR. CANNON: If my learned friend will allow me, the Bill would have to be produced by the proper authority. The committee cannot accept a paper of that kind. Mr. Lacroix has just stated that he knows nothing about it.

MR. MORIN: I do not want to read inside the Bill at all. I am just interested in the name on the back of this copy.

MR. CANNON: I may state to the committee that I am making this objection now rather in a general way so that I may know what the attitude of the committee is in those matters. I stated this morning, as representing the province of Quebec, that I am at the disposal of the committee to give all the necessary information, but I express the hope that the proper procedure will be followed.

THE CHAIRMAN: I think your hopes will be fully realized, Mr. Cannon. I do not think there is any necessity for conflict at this stage. Is there any doubt that this is the Bill that was presented.

MR. CANNON: I would not express doubt.

THE CHAIRMAN: Mr. Lacroix identifies it as the Bill.

THE WITNESS: I see what is marked on it, sir.

MR. MACKENZIE: Only from what is on the outside of it.

MR. STEWART: The journals of the House will disclose who introduced it.

MR. CANNON: Votes and Proceedings.

MR. STEWART: That is what I say, the journals of the House will.

MR. CANNON: Certainly. We have got no objection to that at all. I am only drawing attention to the procedure which is now being followed.

Mr. JACOBS: Mr. Theriault's name is on the back of it, Mr. Morin.

Mr. MORIN: Yes, that is my only point, my only interest in this particular paper.

By Mr. Morin:

Q. Now Mr. Lacroix, you were invited to make enquiry as to who were the promoters of this Bill, this amendment.—A. As I told you a moment ago, Mr. Theriault has his office at the city hall, and especially during the sittings of the House he uses that office. We never saw it at our law firm. I did not know that Mr. Theriault, as you just mentioned a moment ago, had any connection as sponsor with that Bill at all. But one day there was a Mr. Cantin from Montreal who was referred to me and retained my services as a lawyer, to follow the proceedings of the Bill, not in favour or against the Bill, because at that time, as a matter of fact, I had no authority or power to appear before the committee because my partner was a member of the House, and I could not plead before the committee on private bills. Mr. Cantin told me that he wanted to find out and get a copy of the declarations that would be made before the committee, in the interest of certain pending cases before the Superior Court in Montreal between the Transportation Power and Beauharnois. I met Mr. Cantin several times. Now, there is a question. I do not know if I have the right as a lawyer to mention what is in the private record for myself. I have not got the authority to mention it.

By Mr. Jacobs:

Q. Mr. Cantin is your client.—A. Yes.

By Mr. Morin:

Q. Mr. Cantin retained your services for what purpose.—A. To just gather the committees by the parties he was suing.

Q. For what purpose.—A. To serve an interest in a case that was actually pending before the Superior Court between Transportation Power and Beauharnois.

Q. Did Mr. Cantin ask you to ascertain who were the interested parties behind this Bill.—A. You are a lawyer. Have I got the right to say anything that happened between Mr. Cantin and myself? Have I got the right to do it.

Q. You said that Mr. Cantin asked you to watch over the proceedings of the committee.—A. Well, if the committee desires me to say, but you know what my duty is in the profession. This is absolutely a private record.

Mr. WHITE: But the privilege is that of the client and not of the solicitor.

Mr. JACOBS: He has not got the privilege or the power from his client to disclose this. I have no doubt Mr. Cantin could be found in this room and no doubt he would give his permission.

Mr. MORIN: Do you allow Mr. Lacroix to answer.

Mr. CANTIN: Absolutely.

Mr. MORIN: Do you relieve Mr. Lacroix of his privilege.

The CHAIRMAN: The witness has taken a very proper objection, in my view. He realizes his responsibility as a solicitor. I think, for the protection of this young man, Mr. Cantin should be sworn here and his consent should be spread on the record.

Mr. MORIN: That would be the proper procedure.

Witness stands aside.

JEAN N. CANTIN, called and sworn, examined by Mr. Morin.

By Mr. Morin:

Q. Mr. Cantin, have you retained the services of Mr. Gerard Lacroix, barrister, Quebec, in connection with the Bill which we have just been mentioning.—A. I did, sir.

Q. Why did you retain his services.—A. To obtain all the information he could as to what was going on in Quebec relative to this application, and also to pilot me through the House. I was a stranger in Quebec and I wanted to know where things were taking place.

Mr. WHITE: A guide, philosopher and friend.

Mr. JACOBS: Principally guide, I should think.

By Mr. Morin:

Q. Did you ask him to get you information as to who were the parties behind this Bill.—A. I did.

Q. You did.—A. Yes.

Q. Now, did you secure the information from Mr. Lacroix.—A. I did.

Q. Did you pay for his services.—A. I did.

Q. Did you get the information by letter.—A. I got it both by letter and verbally.

Q. Then do you relieve Mr. Lacroix of all privilege about this communication and authorize him to communicate to this committee the information secured for you.—A. I do.

By Mr. White:

Q. And waive any privilege which you have by reason of this being a communication between solicitor and client.—A. Yes, perfectly.

Q. Or between advocat and client, as the case may be.—A. Yes.

By Mr. Jacobs:

Q. At the time that you retained the services of Mr. Lacroix had your syndicate taken suit against the Beauharnois Light, Heat and Power Co.—A. Yes, sir.

Q. You were in litigation then.—A. Yes, sir.

Q. And as a matter of fact before.—A. Yes, sir.

Q. And are still.—A. Yes, sir. Pardon me, I might amend that statement. The litigation is between my father, you see, as one party against Mr. R. O. Swezey and others, and also between the Transportation and Power and Mr. Swezey and the Beauharnois Light, Heat and Power and others.

Q. You have a filial interest then.—A. Yes.

Witness retired.

GERARD LACROIX recalled, examined by Mr. Morin.

Q. Now, Mr. Lacroix, will you tell me if Mr. Cantin requested you to secure information as to who were behind this Bill, the promoters.—A. Yes, sir.

Q. Did you secure the information.—A. I could not get any foundation to the information I gave him. I heard—

Q. Did you enquire about it.—A. I enquired. There were some lawyers going around the committee room that I thought were engaged in the project and I asked them if they knew who were the promoters of the Bill. They mentioned the names but I could not verify it and I told Mr. Cantin. As a matter of fact, Mr. Cantin was in Montreal at that time and I sent him a letter giving him the information that I had gathered and I told him personally time and time again that I could not get any foundation to that, I could not find out exactly.

Q. Anyway, you put that in a letter.—A. Yes, sir.

Q. Have you a copy of this letter.—A. Yes, sir. (Letter from Gerard Lacroix to Mr. Cantin, dated February 22, 1928, marked Exhibit No. 27.)

Mr. STARR: Before that goes in, Mr. Chairman, I would like you to read it. I understand it is in French. It recites what the witness says, practically gossip.

The CHAIRMAN: I am hardly in agreement with the suggestion that has been made, that these committee proceedings have to be regulated with the same strictness as in a civil or criminal trial. We are charged with the responsibility of investigating this project, as set out in the reference, and I am rather inclined to agree that we are not confined to the rules of evidence as we would be in a court trying a criminal case.

Mr. STARR: I partly agree with that, Mr. Chairman. But here is a letter that is written after interviewing certain people. The witness has said he could find no foundation for what he said in the letter, and for that letter now to be produced and made public, I think would be going a great deal outside of legal requirements altogether. If you will read the letter itself before it goes in I think you will find it should not go in. There is so little to it as of foundation. His evidence is that he made enquiries of certain people but he could not find any foundation.

Mr. MORIN: Well, the letter speaks for itself. We will read the letter.

Mr. STARR: No, Mr. Chairman, I would rather you read it first and see whether it is worth putting in as an exhibit. That is my suggestion.

Mr. MORIN: I have a translation of it if you care to read it.

The CHAIRMAN: Mr. Lennox says he will take the French copy and read it.

Mr. JACOBS: As far as I am concerned, Mr. Starr, I do not think it will do very much harm to any person; but if it is suppressed it will probably do a lot of harm. I am in favour of giving it the fullest publicity.

Mr. STARR: It will be very readily answered when the proper time comes, but you know how these things go.

The CHAIRMAN: I am rather inclined to Mr. Jacobs' view, Mr. Starr, that the suppression of documents like that, which are harmless in themselves, is much more harmful. You do not need any protection in the conduct of any case from me, but I am rather inclined to the view that if we suppress things of that character it gives rise to a lot of fantastic imagination when really there is nothing much to it.

Mr. STARR: Of course, the letter I fancy has given rise already to a good many fantastic imaginations.

The CHAIRMAN: Well, I never saw it before in my life, and no member of this committee that I know of has ever seen it.

Mr. WHITE: And I swear I have not.

Mr. STARR: You are not under oath yet, you know. Your ruling then is, Mr. Chairman, that you will allow the letter in just for what it is worth.

The CHAIRMAN: I am not going to rule. I will ask the committee's judgment on it. Gentlemen, what is your attitude as to the admission of this letter? The committee seems unanimous that it should go in.

Mr. MORIN: Here is the original, Mr. Chairman, that we will file as exhibit No. 27.

By Mr. Morin:

Q. Will you follow with the original and I will read the translation:

Following up your request of yesterday, I have obtained the required information concerning the promoters of the above mentioned Bill.

The information which I obtained is to the effect that the interested persons are the following:

Senator Donat Raymond,
Senator MacDougald,
Mr. Jones, formerly General Manager of the Canada Cement, and a
Mr. Griffith or Griffin.

These are the names which I obtained and I shall continue my investigation. It is understood that all the above parties are with Sweezey.

I am also looking after the stenographers and I have had Mr. Massue Fortier interviewed in order to have space reserved in the Committee Room. I believe, however, that it will be difficult to obtain the services of an English stenographer in Quebec.

I hold myself at your disposal for any other information.

Have I translated right, Mr. Lacroix.—A. As far as I know English.

Q. And did you make any further report.—A. Well, just confirming what I told you a moment ago that I could not get any foundation. I told Mr. Cantin, and Mr. Cantin admitted a moment ago here, that we had talked it over time and time again, in his room in the Chateau. I told him that these are mere gossip or information, that I gathered around and subsequently, I think it was last year, Mr. Cantin came back with the same question to me, that is, in Quebec, that a certain party in Toronto—I forget the name now—wanted to find out the promoters of the Bill. As a matter of fact, he went up, to knowledge, to Government House and tried to get the record and came back with the answer that he could not get the information, so I could not given him any more than what appeared in the record.

Q. Now, you got paid for your services.—A. Yes, sir.

(Bill marked Exhibit No. 28).

Q. Did the money paid for those services go into the firm's account or your own account.

Mr. STARR: Welle, now—

Mr. MORIN: I am just counsel for this committee and I have to take my instructions from members of the committee so you can raise any objections you wish.

The WITNESS: If I have to give the personal arrangements that I have with my partners, I am willing to give the amount.

Mr. MORIN: We are not concerned with the amount.

By Mr. Jacobs:

Q. How much did Mr. Cantin pay you.—A. I told Mr. Morin I was willing to tell it if he promises not to laugh, \$126.

The CHAIRMAN: You are too modest.

The WITNESS: There were \$26.25 of expenses. I was only at the committee three days.

The CHAIRMAN: No wonder you could not get the information.

Mr. MORIN: Is that sufficient.

The CHAIRMAN: I do not know what the purpose of this question is, as to whose bank account this \$126.00 went to, but I can see no objection to it. If there is any purpose to be served, then let us have.

Mr. CANTIN: There is some purpose to be served.

The CHAIRMAN: Then let us have the information.

The WITNESS: What was the question, Mr. Morin.

By Mr. Morin:

Q. Well, did the money go into the firm's account.—A. Yes. Well, the cases that I take, I have two offices in Quebec, and the cases that I get in Lower Town I divide fifty-fifty with my partners.

Q. We do not care about all that detail.—A. There was \$50 that went to the firm and \$50 to me.

By the Chairman:

Q. And the balance was money you expended.—A. There is \$126 out of which there were \$26.25 of expenses. As a matter of fact, I would like to say to the committee that my bill for my client was more or less of a guide, because I was not corresponding attorney for the Transportation & Power in Montreal who were interested in the case. I was just engaging a stenographer and I sent him up to the committee and he made his report to Mr. Cantin, the transcription of his notes. That is all I had to do up there and nothing else.

By Mr. Jacobs:

Q. You were never at any time employed with Beauharnois direct or indirect.—A. Not at all, sir.

Q. You were employed by persons who had interests in direct opposition to the company.—A. Absolutely, the Transportation Power Company.

Witness retired.

DUNCAN WILLIAM McLACHLAN, called and sworn, and examined by Mr. Morin.

By Mr. Morin:

Q. I understand, Mr. McLachlan, you are connected with the Department of Railways and Canals.—A. Yes, sir.

Q. As engineer.—A. Well, I am connected with the Department of Railways and Canals and have been for twenty-four years. I am engineer in charge of the St. Lawrence Shipping Canal investigations, engineer in charge of the Hudsons Bay Railway Terminals and Chairman of the Canadian Section of the Joint Board of Engineers.

Q. I understand this board is composed of three Canadian engineers?—A. Yes, sir.

Q. And three American engineers?—A. Three American engineers.

Q. And you are the chairmain of the Canadian section?—A. Yes, sir.

Q. And you have been acting as such for a long time?—A. I have been acting as such since 1924, since the spring of 1924.

Q. What is your experience about the St. Lawrence?—A. Well, from the time I came to Ottawa in the fall of 1910, until I left Ottawa to go to Hudson Bay in the summer of 1913, I had a great deal to do with the preparing of plans for the future improvement of the St. Lawrence for navigation and also for power. During the period I was in the Hudson Bay, of course, nothing was done. Then, I came back to Ottawa in the fall of 1918, when there was urgent need for plans for the St. Lawrence and I took charge of the St. Lawrence work and have spent about \$50,000 a year ever since in investigations and reports.

Q. When there is some matter coming up before your department about the St. Lawrence, are you the engineer to whom this matter is referred?—A. I am the engineer to whom the matter is referred. Of course, I have a superior officer in the Chief Engineer and in the deputy minister.

Q. Do they rely on your judgment?—A. Oh, as a matter of fact many of the reports that were made in connection with the St. Lawrence were made

to the Department of External Affairs. The report of Col. W. P. Wooten and Mr. W. A. Bowden, was made in 1921 to the International Joint Commission and the report of 1926 was made to the Department of External Affairs.

Q. Have your services been requested by the Department of Public Works?
—A. Yes. When the Beauharnois project came up subsequent to the report of 1926, I was first asked to give certain information to a sub-committee of the Cabinet, and then afterwards a letter was written by the Minister of Public Works to the Minister of Railways and Canals asking me to assist Mr. Cameron, who was the Chief Engineer, in the consideration of all matters connected with the Beauharnois application.

Q. You must have in your files a copy of letter dated August 26, 1929, requesting your services?—A. I do not think I have that copy with me, but it is on the departmental file, both of the Public Works and Railways and Canals, I am sure. I did not bring it with me.

Q. You have not brought it with you?—A. I have not brought it with me, no.

Q. You know there is a request?—A. I know there is such a request, yes.

Q. Now, I find in Exhibit 17, file 804-1 at page 57, a request by your Minister, Dr. Manion, to you. Will you please read it to the committee?

Mr. FORSYTHE: What is the date?

The WITNESS: September 25, 1930.

The OFFICE OF THE MINISTER OF RAILWAYS AND CANALS,
OTTAWA, CANADA.

SEPTEMBER 25, 1930.

DEAR SIR:—

Before leaving for England, the Prime Minister requested me to have the Canadian section of the Joint Board of Engineers report on the Beauharnois project, and the manner in which it may be expected to affect the future improvement of the Soulanges section for navigation and power.

The report to be made should also deal with the suitability of the plans and works proposed by the Beauharnois Company in view of the Standard of construction adopted on the Welland Ship Canal and recommended for the St. Lawrence development as a whole.

The Government would be glad, also, to have you outline any work connected with improvement for navigation which, in the opinion of the Canadian section, might be undertaken as a measure of relief for unemployment.

Yours faithfully,
(Sgd.) R. MANION.

D. W. McLachlan, Esq.,
Chairman, Canadian Section of the Joint Board of Engineers,
St. Lawrence Waterway,
Ottawa.

Yes, sir, that is the letter that I received. I can give you the original of that.

Mr. MORIN: Never mind. Now, I understand that you have been working on the St. Lawrence project for quite a number of years?—A. Yes, sir.

Q. You have made many reports?—A. Many reports.

Q. That we have in the files?—A. Many reports.

Q. Can you give the committee a little history about this Beauharnois project?—A. As to reports?

Q. No, as to what is being done.—A. As to what?

Q. You may refer to the matter shortly. Give a short history of it, a few facts about how it started.—A. Well, away back in 1910 or so, the Robert interests applied for permission to build a diversion canal from Hungry Bay on Lake St. Francis to Lake St. Louis. They first proposed to enlarge the old irrigation ditch and use the St. Lawrence River for a canal.

Q. When you refer to the irrigation ditch, is that the feeder?—A. That is the feeder. They had from the province of Quebec a number of concessions. One permitted them to enlarge the feeder to a width of 300 feet and use the St. Louis river. Then again, there was a later concession permitting them to widen the irrigation ditch so long as it did not occupy more than six arpents in width, and they were again restricted to 300 feet along the St. Louis river. That concession was ultimately sold, I believe, to the Beauharnois Company, and shortly after the joint Board of Engineers reported, an application was made to the Governor in Council for permission to divert 40,000 second feet from Lake St. Francis to Lake St. Louis, and plans were filed under two conditions. One that they would get the whole flow of the river less what the power companies in the St. Lawrence river were then using, and the other specially limited to 40,000 second feet.

Q. Before giving those details, Mr. McLachlan, can you tell me in a general way if the matter has been under consideration since 1910?—A. Oh, yes.

Q. By the Department?—A. Yes. There were many similar schemes or applications before the departments—

Q. Applications of a like nature, you mean?—A. Yes. Well, away back before 1912, the Cedar Rapids Power Company got permission to operate a power plant at about 32 feet head out of the 80 feet available; the Canada Light and Power Company about the same time got permission to enlarge the old Beauharnois Canal and—

The CHAIRMAN: Mr. McLachlan, I wonder if you could stand close to that map—. —A. I could stand there, or I can get somebody to stand there and point—

The CHAIRMAN: If you were close to the map, and could just point out those places—

Mr. WHITE: Mr. McLachlan is referring to the Soulanges section of the works. I think it would be of advantage if we knew what he meant by that expression.

Mr. MORIN: Explain the whole plan in a few words.

The WITNESS: All right. Well, gentlemen, this is the Soulanges section of the St. Lawrence (pointing on map). It is about 15 miles long and has a fall in all of about 80 feet. The Soulanges canal is on the north side of the river; it was built between 1890 and 1900 to take the place of the old 9-foot Beauharnois canal.

Mr. WHITE: There is a constant buzzing in this room, which makes it difficult to hear. If the spectators were asked to observe silence, we might hear what is going on.

The WITNESS: It was built to take the place of the old Beauharnois canal which extended from the bay at Valleyfield to Melocheville at the head of Lake St. Louis. This Beauharnois canal was a canal that was in existence and use at Confederation. It was built about 1843. In connection with the old Beauharnois canal, a dam was built across the channel between Grande Ile and the mainland a few years after.

Mr. WHITE: The reporter is in trouble, he cannot hear what is going on; neither can I. I would suggest that he sit near the witness.

The WITNESS: I just mentioned that shortly after the Beauharnois canal was built, there was a dam built across the channel at Valleyfield. It was built

to improve the entrance to the canal from the lake. They had trouble with cross currents, and they built that to cut down the currents.

Q. Under what authority?—A. Under the Federal government, about 1850 or some such date as that.

Mr. JACOBS: The government of Canada.

The WITNESS: The government of Canada, the united provinces. A few years afterwards it was found that that dam raised the level of Lake St. Francis 1·2 feet, and in order to protect the land, which had been flooded by the raising of the level of the lake 1·2 feet, a dyke was built along the east or southerly side of Lake St. Francis.

Mr. WHITE: That was also built by the province of Canada.

By Mr. Morin:

The WITNESS: The United Province of Canada about 1855.

By Mr. Morin:

Q. What is the length of this protecting dyke?—A. About 4 miles.

Q. Four miles?—A. About 4 miles. The first dyke built was what they call the Hungry Bay dyke which ran about where my pointer is showing.

Q. What is this dyke do you know?—A. Well, this dyke is built out of the material of the country; it is built out of peaty soil, which is quite thick in that territory; and it has settled a great deal from year to year, and has cost a great deal to maintain. I have the figures, but I just forget what they are. It is a very expensive thing to maintain. Immediately after it was built the farmers on the south side of the dyke started to cultivate the land, and burn all the peat, and as a result the land on the south side is much lower than it was at the time the dyke was built, because this peat has gone up in the sky. About 20 years after the Hungry Bay dyke was built, the St. Barbe dyke was built, this was an extension of the Hungry Bay dyke, that ran, half up the length of Lake St. Francis.

Mr. WHITE: St. what?

The WITNESS: St. Barbe. The department of Public Works of the United Provinces of Canada—acquired a strip of land 80 feet wide on which to build a dyke, and they acquired also certain rights on a belt of land about 80 feet wide on either side of the first 80 feet mentioned—I do not know that the department's claim is altogether clear with regard to the extra 80 feet on the sides, but it is quite clear and definite with regard to the first 80 feet on which the dyke is built.

Q. What is the height of the dyke?—A. Oh, it varies. I suppose it is about 6 or 7 feet high, there is a road on top of it.

By Mr. White:

Q. When you refer to the acquiring of the land, does that refer to the St. Barbe dyke?—A. No, I was referring to the Hungry Bay dyke. I did not look at what rights we had to land under the St. Barbe dyke, but I did in the case of the Hungry Bay dyke, because the Hungry Bay dyke now crosses in front of the Beauharnois canal works.

By Mr. White:

Q. Do you know how the land was acquired, and from whom?—A. It was acquired from the Seignior of that day by a proces verbal dated I think, 1878.

Q. That was a remarkable year in this country.—A. Now, I can go on and give a little history of how the development started here, which I think may be of interest. About 1908—I may be a year or two short—the Department of Railways and Canals leased the old Beauharnois canal to the Canadian Light and Power Company—

Mr. WHITE: I am sorry to interrupt you again. Before we leave the question of this dyke, what would you say as to its location in regard to the space between high and low water mark?

Mr. MORIN: We have a plan.

The WITNESS: It followed very close to the high water mark, very close to the outside of the high water mark on the land side—you will have to look at the old plan to be checked accurately on that.

By Mr. Morin:

Q. Now, you said the government leased this to the—A. Yes, to the Canadian Light and Power Company; and they developed 28,000 horse-power, with the power-house below St. Timothée.

Q. I understand that this old Beauharnois canal was closed to navigation after the Soulanges Canal was opened?—A. Yes, it was, but it was not closed immediately; it was not closed for quite a number of years. It was not closed until a short time before the lease was granted, in fact I think the actual official closure almost synchronized with the granting of the permit to use it by the Canadian Light and Power Company. The Canadian Light and Power Company have paid \$12,000 a year to the Federal government for that permit. There was nothing in that permit exactly stating what flow the Canadian Light and Power Company were entitled to, and they actually built a power-house with room for ten units, and they never installed more than four. It has a total head of 54 feet.

Q. Can you tell us a few facts about this feeder?—A. Oh yes.

Q. In the St. Lawrence River?—A. Yes. The feeder was—

The Chairman:

Q. Before we leave the power canal, which you now call it, where is the power-house of the Canadian Power Company?—A. Just below the village of St. Timothée.

Q. Is that where the outlet is?—A. It is right opposite the Cedar Rapids plant.

Q. That is the old shipping canal?—A. The old shipping canal went right through to Lake St. Louis.

Q. It dropped through the river?—A. It developed 54 feet out of 80 available.

Q. What is the horse-power?—A. 28,000 with flow of about 5,000 second feet.

Q. All in one stage?—A. All in one stage. If I may just complete the picture with regard to power, before we go on. I might say that a little earlier than 1902 or 1903, the Department of Railways and Canals gave a permit to the Provincial Light and Power Company to develop a head of about 54 feet by use of the summit level of the Soulanges Canal. They developed about 12,000 horse-power there at a head of 54 feet.

Mr. MORIN: Now, about the feeder.—A. The feeder was a small ditch that was originally dug early in the century, around 1925 or so.

Q. By the Seigneur?—A. Yes, by the Seigneur, Mr. Ellice.

Q. Did Mr. Ellice secure any grant from the authorities at that time?—A. Not that I know of. He just dug it, and it was designed to carry a small quantity of water from Lake St. Francis over to the St. Louis river about three or four miles distant.

Mr. MORIN: Here, I might correct you and give a few facts about the history of this land. This land is situated in the Beauharnois county, and is what is called the Beauharnois Seignior. It was ceded by the Governor of France to the then French Governor of Canada, Marquis de Beauharnois, and then ceded to the British Crown after the conquest. Well, at the time, the son of Marquis

de Beauharnois was the owner of the seignior and it was transferred to that Frenchman at the beginning of the 19th century, and then it was sold by, I think, Mr. Lotbinière, to Mr. Ellice, and Mr. Ellice was then the seignior, and this seignior had an area of six leagues in front, by six leagues in width, which means 18 miles. And then, Mr. Ellice as a seignior opened this feeder.

Mr. WHITE: Are the boundaries of the seignior shown in that plan?

Mr. MORIN: I do not think so. It does not show. The concession represents 18 miles along the St. Lawrence river.

Mr. WHITE: Does it cover the north side of the river?

Mr. MORIN: No, only the south side.

Mr. WHITE: The south side?

Mr. MORIN: Yes, and on the south side we have another seignior called the Chateauguay.

Mr. MONTGOMERY: No.

Mr. MORIN: Not Chateauguay?

Mr. MONTGOMERY: No.

Mr. FORSYTHE: de Beaujeu.

Mr. MORIN: If I say something, please correct me.

Mr. WHITE: I think the committee might be interested in knowing whether the seignior extended east and west to the whole extent of the Soulanges section of the river.

Mr. MORIN: That is, the seignior of Beauharnois? It had nothing to do with Soulanges.

Mr. FORSYTHE: Does it go from Lake St. Louis to Lake St. Francis?

Mr. MORIN: I cannot say.

The WITNESS: I know, as a matter of fact, that the dyke stops on the extreme limit of the concession on the south side, and you will have to take 18 miles from here (indicating). I do not know where it stopped on this side.

Mr. WHITE: The section is only 14½ miles long.

The WITNESS: That is quite true. The seignior must run down below Beauharnois. I am not positive of that. It must be, so if 18 miles is correct.

The CHAIRMAN: Go on, please.

The WITNESS: Now, the ditch was originally dug for the purpose of carrying water from the St. Lawrence river to the St. Louis river. It then ran down the St. Louis river and ran a mill that was operating near the village of Beauharnois to grind grain for the people in that territory. When the Hungry Bay dyke was built, of course, they had to put gates across the entrance to the irrigation ditch, and there was a long series of disputes over the ownership and the control of those gates. I am not prepared to go into the history of that, but I can file a memorandum written by one of the engineers of the Department of Railways who has made a study of it, which I have with me.

The CHAIRMAN: Perhaps you had better file the memorandum.

The WITNESS: I can do that. We can bring the man who wrote it also.

Hon. Mr. CANNON: Has that memorandum anything to do with the points of law as to ownership?

The WITNESS: I do not know.

Mr. MORIN: Not at all. If there is anything in it about ownership, I do not think it should be produced.

By the Chairman:

Q. Who made the memorandum?—A. Mr. Alexander of the Department of Railways and Canals.

The CHAIRMAN: Exhibit 28.

Mr. MORIN: Would you care to read it, Mr. Chairman?

Mr. CANNON: I would suggest that we might be allowed to look at it and if we have any objections we might discuss them.

By the Chairman:

Q. What is the substance of it.—A. The substance is, that after a suit before the Exchequer Court there was an agreement made between the people of Canada, the Robert heirs and the Minister of Public Works, by which they got the right to widen and deepen those gates providing it did not interfere with navigation; but the government retained the ownership of the gates and I think of the dyke and I believe gave him a lease in effect of the gates.

Q. Is that what is set out in this memorandum.—A. I think that is all.

The CHAIRMAN: Well, I do not think you will be hurt by that, Mr. Cannon.

Mr. CANNON: Mr. Chairman, I accept your ruling. On the other hand I think my learned friend might have a more competent way of putting it before the committee.

Mr. MORIN: We are not here to settle any questions of law, Mr. Cannon. We are just enquiring into the facts.

By Mr. Morin:

Q. You have spoken about this feeder.—A. Yes, I have spoken about the feeder.

Q. Then the subsequent arrangement between the department and Mr. Robert.—Yes.

Q. So now we are down to those recent years where applications were made to enlarge this feeder and to use it as a water power course.—A. That is right.

Now, the Robert family submitted a number of plans both to the Department of Railways and Canals and to the Department of Public Works for diverting water from Lake St. Francis and Lake St. Louis, whereas all the plan that they submitted was a plan which involved putting two dykes about two miles apart and flooding a great band of country, and looking towards the carrying off of a great quantity of water. Then a little later they filed a plan reflecting that diversion of 40,000 second feet. That was about 1915 and there were quite a number of reports made upon that project. They are on file in various places. Arthur Surveyor reported upon it, and others also.

The Canadian Light & Power Co., maintained for a great many years that they had the right, an almost unlimited enjoyment of right to the old Beauharnois Canal, and the original Canadian Light Heat & Power, as I read it, contemplated taking the water all the way down to Lake St. Francis and, as they did it, sidetracking some distance on. They, of course, filed plans with the Department of Railways and Canals, and also I think with the Department of Public Works, for permission to divert about 40,000 feet from one Lake to the other.

Then there was also incorporated in the province of Quebec the Soulanges power, which got from the province of Quebec certain rights—they did not get any rights that I know of but they got whatever was in their Bill anyway. That indicated that they wanted to get the right to divert the water from the St. Lawrence river to Lake St. Francis and Lake St. Louis along the north side of the section all the way down. You will find those if you want to look them up.

There were also other plans of improvement proposed from time to time. The Canadian Light & Power Co., before they began work on the enlargement of the Beauharnois canal also had a scheme for developing Coteau Rapids. I cannot remember the details of that. There may have been other schemes there but I cannot just remember them.

Q. Anyway you had many schemes before the department before 1910.—

A. There was an application before the Department called the Sterling Company that also wanted to get the right to divert 40,000 feet. That was about 1924. Many plans were proposed.

By the Chairman:

Q. Then, Mr. McLachlan, up to date, excluding this Beauharnois project, the only people who were developing power south of the river is that power that is cut off out of the old Beauharnois canal, and also the Montreal Cotton Co., on the south side.—A. Yes.

Q. They were the only two that ever were successful in getting a project over.—A. Yes, that is right.

By Mr. Morin:

Q. And all the other applications were turned down.—A. Turned down, yes.

Q. Now, we come to this particular matter. I understand that the application of the Beauharnois was up before this department in its actual form about 1927.—A. Yes. It was before the department during the fall of 1928, really. They got certain privileges from the Quebec Legislature the previous winter, I think. I might be a little wrong there; but it was a live question anyway in the fall of 1928.

Q. Yes. And then in the fall of 1929 they were pressing this application.—A. Yes, sir.

Q. And the matter was referred to a committee of the Privy Council.—A. Yes, sir.

Q. There was a meeting of this committee at which the company were represented and all the opposing parties.—A. There was a hearing conducted by the Minister of Public Works around, I think it would be, January, 1929.

Q. Did you assist in that.—A. I did, yes. I was not present at the hearing for the reason that I attended the funeral of the late Major Graham Bell. I appeared before a committee of the cabinet and gave them a dissertation on the whole St. Lawrence river like I am doing now, and I was afterwards asked to assist Mr. Cameron, Mr. Johnston and Mr. Cote in reporting upon this matter.

Q. We have your report in the files.—A. You have our report in the files, yes.

Q. Before granting this application the government secured your report.—A. Exactly.

Q. The report of you and the three other members of your board.—A. Yes, sir.

By the Chairman:

Q. That is the Canadian Section.—A. No, no. It is an interdepartmental committee, that is all you can call it.

By Mr. White:

Q. Who were the members.—A. I did mention Mr. Cameron, Chief Engineer, Public Works. He was one member.

By Mr. Stewart:

Q. He was Chairman.—A. There was no chairman elected. We did him the courtesy of signing the report, but there was no chairman elected really. We were all, in a sense, assisting Mr. Cameron. There was J. P. Johnston and Louis Cote, Chief Engineer of the Department of Marine.

By Mr. Morin:

Q. And you had before you their application and their plans.—A. And their plans, yes.

Q. And you made your report.—A. We made our report.

Q. This was an application for how many thousand feet.—A. We interpreted this as being an application for approval of a canal to carry 40,000 cubic feet per second.

The CHAIRMAN: Where is the application.

Mr. HELLMUTH: Mr. Chairman, there is a report. Surely that report must speak for itself.

The CHAIRMAN: I am just asking for the application, Mr. Hellmuth.

Mr. HELLMUTH: I was addressing myself to the question asked by Mr. Morin, which would imply that he was going to give some explanation in regard to the report. I submit the report must speak for itself.

Mr. WHITE: Surely an engineer can explain his report.

Mr. HELLMUTH: I am just taking exception. I take it there were some objections. The objections are stated in the report if there are any, and the answers to these objections are also stated in the report. I submit that this engineer is not entitled to qualify or change the statements that he made there.

The CHAIRMAN: No, I do not think that he would unless in the light of subsequent knowledge he might be able to correct himself.

Mr. HELLMUTH: Still, he made a report at the time.

The CHAIRMAN: It is highly advisable that the report should go in. I think it should be read.

Mr. WHITE: I will read it. What is the date of the report.

The WITNESS: I have a copy if you want a copy of it.

Mr. MONTGOMERY: 30th January, 1929.

Mr. HELLMUTH: I am not suggesting that the report should be read at this moment. It is too long.

Mr. JACOBS: Well, you have started something.

The CHAIRMAN: I think we had better have it all read.

Mr. WHITE: Will we do it now or to-morrow morning.

The WITNESS: The report I made, if you will permit me, is a public document. It was returned to the House.

The CHAIRMAN: I quite understand that. A public document returned to the House does not mean anything to me if I do not know what is in it. We will adjourn then until to-morrow morning at 11 o'clock.

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Com.
De

SESSION 1931
HOUSE OF COMMONS

(SPECIAL COMMITTEE)

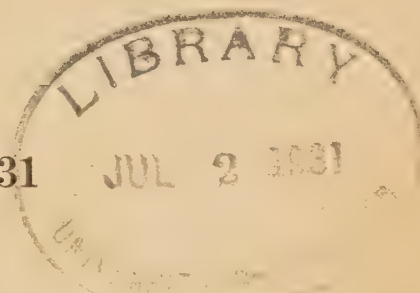
ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

FRIDAY, JUNE 26, 1931



WITNESS:

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931

EXHIBIT FILED

No. 30.—Certified copy of application for incorporation of Beauharnois Power Corporation, Limited, 17th December, 1929.

No. 31.—Plan for diversion of 40,000 c. f. s., as submitted by the Beauharnois Light, Heat and Power Company.

No. 32.—Memorandum respecting Navigation Losses from adding water surface to the St. Lawrence River between Brockville and Lake St. Peter.

MINUTES OF PROCEEDINGS

FRIDAY, June 26, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugene), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

At the suggestion of Counsel for the Committee, and on motion of Mr. Jacobs,—

Resolved,—That permission of the House be asked to engage a firm of auditors to assist in the investigation now proceeding.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont. was recalled and further examined.

The Committee adjourned at 1 p.m. until 2.30 p.m.

The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman-presided.

Members present: Messrs. Dorion, Fiset (Sir Engene), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Steward (*Lethbridge*).

On motion of Mr. Jacobs,—

Resolved,—That Mr. B. H. L. Symes, Barrister, Toronto, Ont., be appointed Junior Counsel to the Committee at \$35.00 daily and expenses, with duties to commence on 28th June, and to expire when the Final Report of the Committee is presented to the House.

Complying with an Order of the Committee, dated June 25, the Department of the Secretary of State of Canada submitted a certified copy of the application for incorporation of Beauharnois Power Corporation, Limited, together with the name of the firm from whom it was received, and the date when it was received.

Mr. White, K.C., of Counsel for the Committee, filed,—

Exhibit No. 30—Certified copy of application for incorporation of Beauharnois Power Corporation, Limited, 17th December, 1929.

Exhibit No. 31—Plan for diversion of 40,000 c. f. s., as submitted by the Beauharnois Light, Heat and Power Company.

Mr. Duncan W. McLachlan was recalled and further examined. He filed,—

Exhibit No. 32—Memorandum respecting Navigation Losses from adding water surface to the St. Lawrence River between Brockville and Lake St. Peter.

Mr. McLachlan retired.

The Committee adjourned until Tuesday, 30th June, at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

ROOM 231, HOUSE OF COMMONS,

FRIDAY, June 26, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at two o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., for the Committee.

G. H. Montgomery, K.C., L. A. Forsythe, K.C., I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. WHITE: Before starting with the reading of a report which I threatened to read yesterday afternoon, it has been suggested by Mr. Henry, who has been making some inquiries as to our means of getting to Beauharnois on Wednesday, that there is a train leaving the city here at 7.50 in the morning, which is 8.50 daylight saving time, and it arrives at Valleyfield at 10.20. Transportation can be there provided to the dyke, which is the head of the canal, and from there we can go up and down where we like on the railway of the company, and we can get back here at 7.10 by leaving Valleyfield at 4.45 in the afternoon, or 9.50 by leaving Valleyfield at 7.35, whichever suits the convenience of the committee. The object in speaking of it now is, if that arrangement is made, Mr. Henry says he can arrange with the railway company to put on a parlour car which would be at the disposal of the committee and counsel, and if that arrangement is suitable we can see that the necessary arrangements are made. We can also get luncheon down there at the company's mess, or somewhere else. Nothing has been said about any other refreshments.

The CHAIRMAN: I think that is a good arrangement.

Mr. WHITE: Shall I ask to have those arrangements made in that way?

Sir EUGENE Fiset: Is that by the C.P.R.?

Mr. WHITE: No, the Canadian National.

Then, I have been thinking over the proceedings for the future, and I ran into some mechanical difficulties. I am told that there are hundreds of pages of minutes. I have been supplied with a few of them of one company.

Mr. MONTGOMERY: That is practically all of one company.

Mr. WHITE: Yes, the Beauharnois Light, Heat and Power Company; and in view of the speeches of Mr. Gardiner in the House, it is quite obvious to me that an extensive study has to be made of the minutes of those two companies and perhaps some subsidiaries. Now, if that has to be done, it is going to take considerable time. A suggestion has been made that we might be supplied with copies of the minutes, but that does not relieve counsel, as I see it, from the responsibility of themselves ascertaining that the minutes as supplied are correct copies, and copies of all of the minutes that are relevant to any question that is before this Committee. Then, in addition to that there are, in that connection, questions of authority for certain possible disbursements of the company which will have to be examined, and that means that somebody has to check the accounts and vouchers.

Mr. MONTGOMERY: Which is a very big job.

Mr. WHITE: I appreciate that. If it is the wish of the committee that those inquiries be made, it is perfectly obvious that we cannot say to this company, "Why bring your books and cheques and vouchers and so on," and get three or four drays and brings them up into the committee room. So that it has occurred to me that it would be a great saving in the time of the committee, and also of the counsel if you were to authorize or select some responsible firm of auditors to act on instructions from the Chairman or from the committee in regard to whatever inquiry is required to be made; and then the committee may be prepared to take his evidence instead of our having to go into the whole question in detail.

The CHAIRMAN: Your suggestion is to have the committee recommend to parliament who would give authority to employ an accountant?

Mr. WHITE: Or a firm of accountants. My suggestion would be that it be some firm of accountants well known to the public, and whose statement would be acceptable to the country.

The CHAIRMAN: A firm of accountants well in the favour of the country.

Mr. WHITE: Yes.

Mr. JACOBS: A reputable firm. Mr. Gardiner was so well informed as to make two effective speeches without examining those minutes. I think we ought to take them as read, unless he found something in there that he wishes to bring out.

Mr. WHITE: I do not suppose Mr. Gardiner is prepared to give evidence that he has read them; that these are the minutes, and these are all the minutes which are pertinent to this inquiry. It would be also quite an advantage to have some younger counsel do that particular work, go through those minutes carefully and note what particular parts of them should be brought to the attention of the committee. If I have to do that or Mr. Morin has to do it, we will have to ask for longer adjournments.

The CHAIRMAN: I think that is reasonable.

Mr. JACOBS: Was the suggestion the accountant should read the minutes?

Mr. WHITE: Only in so far as they are the necessary authority for any disbursements which are called into question.

Mr. MACKENZIE: I think that is a good suggestion, so far as I am concerned.

Mr. JACOBS: It is a reasonable one.

Mr. WHITE: Mr. Jacobs, in addition to that, somebody has to go through the minutes very exhaustively, somebody who knows what we are driving at here, and select certain portions of them for presentation to the committee, and we will have to be assured that these are all of the things which are pertinent and in order here. My suggestion is that instead of Mr. Morin and myself doing that, that we can get a younger man—

Mr. JACOBS: Younger and cheaper.

Mr. WHITE: And better, perhaps; and there would be in that way quite a saving in expense. That is the object of it.

Mr. JACOBS: We are in danger of running into prorogation if we do that, and all our work will go for naught.

Mr. MACKENZIE: There is a very remote danger.

Mr. WHITE: Well, what I had in mind is this; I heard a little rumour yesterday that prorogation might come sooner than had been anticipated.

Sir EUGENE Fiset: Let us hope so.

Mr. WHITE: So that if the committee had authority to authorize me to retain someone who could work with me in that respect, and with Mr. Morin—

The CHAIRMAN: I think the committee already has authority from parliament to employ counsel.

Mr. MACKENZIE: Is it your suggestion to have one junior counsel and an auditor do the work?

Mr. WHITE: Yes.

The CHAIRMAN: If you and Mr. Morin come to the conclusion that that will shorten the work of this committee, my suggestion to the committee is that we should follow it. I would suggest that we should adopt anything to shorten up the investigation, and at the same time get all the pertinent facts on the record. If one of you would ask that we would have to get authority from parliament for an auditor.

Mr. MONTGOMERY: If I might be permitted to say a word or two. I do not want to say anything to weaken my friend's application for a junior counsel. If he feels that he needs one, that, of course, is a matter for him to decide. As far as the minutes are concerned, I am quite sure if my friend would look over the copy of the minutes that was handed him last night, he would not be so impressed with the difficulties in connection with them. As a matter of fact, I am quite certain my friend, who has had much experience in these matters, could digest all those minutes in half an hour, and pick out anything that was necessary.

Mr. WHITE: I got them only half an hour ago.

Mr. MONTGOMERY: Now, as to the auditor, I have grave fears if you are going to appoint outside auditors, and prorogation is coming soon, you will hardly get the results of their efforts. A responsible firm of auditors would not give a good certificate until they had thoroughly examined everything, and I am quite sure that in a company such as this, where they are in the construction period, which has been the heaviest part of their expenditures for the past couple of years, the disbursements are so considerable that an outside firm of auditors coming in would take a very much longer time than I hope this committee will have at its disposal. Now, the auditors of the firm, Ross and Sons, who have audited the company's books for quite a while, I am sure would supply every bit of information required and they have all the work that should be done—they are a highly reputable firm and—

Mr. JACOBS: They have been doing business for the Dominion Government for many years.

Mr. WHITE: There is no question about the reputation of Ross and Sons.

Mr. JACOBS: Ross and Sons is one firm whose certificate you would take on either side.

The CHAIRMAN: Why should we be concerned about the expenditures of monies on the construction of the works?

Mr. WHITE: Not a particle. What I had in mind, sir, is this: there are certain practically specific charges in the speech of Mr. Gardiner, and matters that have to be investigated.

Mr. MONTGOMERY: Supposing you did put anyone on the items that were referred to by Mr. Gardiner, and authorized him to go through and make an investigation, that would not warrant them giving a certificate. They must make a thorough examination, go through everything.

Mr. WHITE: No.

Mr. MONTGOMERY: I think so.

Mr. WHITE: That is not what I had in mind at all.

Mr. MONTGOMERY: I do not think you have it in your mind from the chartered accountant's point of view. They give a certificate about a matter after they have made a thorough search to warrant them in giving the certificate. I only suggest it, as a matter of time, as there is a reputable firm of auditors

engaged by the company at the present time, that possibly you could ask them first and find out whether you could get the information from them that is required.

The CHAIRMAN: What members of the firm of Ross and Company do the auditing?

Mr. MONTGOMERY: I think General Ross and Mr. Hawthorne.

The CHAIRMAN: There is a suggestion.

Mr. WHITE: Of course there cannot be any possible question about the reputation of the firm. The difficulty which I experience is that they are interested as the auditors of the company, and I think in the interests of the investigation any person who is asked to give evidence of that kind should be an independent person who has no connection with the company. One can easily appreciate that a firm of auditors would have the very best reputation, but they would not be possibly zealous in trying to find out what we want to find out.

Mr. MONTGOMERY: It is a sort of reflection on the auditing profession.

Mr. WHITE: No, it is not intended to be so. It is not a reflection intended for anybody, as such. It is just as true now as it was when it was first said, "Where a man's treasure is, there will his heart be also."

Mr. MONTGOMERY: That again is a reflection on the auditing profession.

The CHAIRMAN: I think it applies to lawyers, generally.

Mr. MONTGOMERY: We are just hired men, an auditor is something more than that.

The CHAIRMAN: If we get authority to employ an auditor I assume his instructions would be to direct his efforts only towards auditing those matters which are referred to in Mr. Gardiner's speech, and the matters that are within the compass of the order of reference.

Mr. WHITE: Yes.

The CHAIRMAN: The reference is quite broad in its terms, and an auditor might feel he would have to go into the total expenditure, including construction—

Mr. WHITE: As far as the totals are concerned, Mr. Chairman, I would be perfectly willing to take the figures of the Ross firm, and I am sure the committee would, but when it comes to a detail, then I think in the interests of the committee itself it is highly advisable that these matters be investigated by an independent firm of auditors.

Mr. LENNOX: Why should you not get in touch with them and see what information you can get and if it is not quite satisfactory, then the committee could recommend some independent auditor.

Mr. MACKENZIE: That is a good suggestion.

Mr. WHITE: For instance, supposing I say to the company or to counsel for the company, "I want a statement from your auditor as to any payments made to so and so," and the statement is furnished to me, is the committee going to be satisfied with that? If the committee is satisfied, I am perfectly satisfied.

Mr. MACKENZIE: Call him to give evidence before the committee.

Mr. LENNOX: We will be satisfied if you are. I mean to say, you are investigating it.

Mr. WHITE: That is the situation and I do not know what could be found out on an examination of those books of the companies referred to. I would like to feel that my duty was being performed thoroughly by having somebody whom I could direct to make such inquiry as I thought ought to be made.

The CHAIRMAN: Gentlemen of the committee, I have discussed this matter with Mr. Jacobs, who has had a very wide experience in matters of this nature, and we have this suggestion to offer; that we ask for authority to engage an auditor, and we would instruct the auditor to consult with the auditors of the company and direct an examination of the affairs of the company insofar as they are referred to in Mr. Gardiner's charges. Now, that should not be a difficult thing for an auditor if he has the assistance of the company's auditors, and he should be able to get through a statement to cover the charges in a very short time, and to cover the situation very well.

Mr. WHITE: I think so, yes.

The CHAIRMAN: And then, with respect to further assistance to yourself, Mr. White, and Mr. Morin, if you feel that you should have some other assistance, then I think the committee is quite willing to ask for authority; we would not need authority, we have it now, and at adjournment we will have a discussion with you as to who should be employed, and I think we can arrange it that way.

Mr. WHITE: Would the same sub-committee deal with this matter as dealt with the appointment of counsel?

The CHAIRMAN: Yes. Now, let us get on.

Mr. WHITE: I think perhaps, I shall be able to eliminate part of this report. This is a report dated January 30, 1929.

The CHAIRMAN: Does it go in as an exhibit?

Mr. WHITE: It is in as an exhibit, on page 187 of exhibit 17, 804-1-D.

Mr. JACOBS: Mr. McLachlan's report, Mr. White.

Mr. WHITE: This is the report mentioned yesterday.

Sir EUGÈNE Fiset: Mentioned in P.C. 422.

Mr. WHITE: Signed by K. M. Cameron, Chief Engineer, Department of Public Works, D. W. McLachlan, Engineer in Charge, St. Lawrence Waterway project, J. T. Johnston, Director, Dominion Water Power and Reclamation Service, L. E. Cote, Chief Engineer, Department of Marine.

Mr. MACKENZIE: Do you intend to call any of those engineers in regard to this report, or are you going to let the report speak for itself.

Mr. WHITE: Mr. McLachlan has already spoken in regard to it, and I understand some questions may be asked him.

Mr. MACKENZIE: My suggestion is, if you are going to call one, I should like to see them all called.

Mr. JACOBS: If Mr. McLachlan is going to interpret his report, I think the other gentlemen who signed it ought to have the same privilege.

The CHAIRMAN: Was it an unanimous report signed by all the engineers?

Mr. WHITE: Yes.

Mr. FORSYTHE: Are you putting that in as a separate exhibit?

Mr. WHITE: No, it is in as a part of exhibit 17.

Report Upon the application of the Beauharnois Light, Heat and Power Company under the Navigable Waters Protection Act, for approval of plans to divert 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis on the St. Lawrence River via the South Shore.

OTTAWA, January 30, 1929.

1. The application, dated January 17, 1928, from the Beauharnois Light, Heat and Power Company, addressed to his Excellency, the Governor General in Council, asks approval of the Company's proposed development, and in connection therewith makes application for

all such authority from the Dominion Government as may be necessary to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 c.f. of water per second.

2. In connection with the foregoing application the company offers to construct its power canal and to operate its power development in such a manner that the canal will conform to navigation standards, and to install such remedial works as may be necessary to avoid injury to existing power developments and to maintain the level of Lake St. Francis at such elevation as may be required for navigation.

3. The Company further offers to install in connection with its power canal, at a cost not to exceed \$18,000,000, such locks and other works as are necessary to provide deep water navigation, conditionally upon the company having a right to enlarge its canal and to divert through it and utilize for the development of power, all the flow of the St. Lawrence between Lake St. Francis and Lake St. Louis, with exception of water required for the Soulanges Canal and of that quantity of water to the use of which existing power plants are now legally entitled.

Mr. WHITE: Now, there was a question as to what that figure of \$18,000,000 covered, and I think perhaps if Mr. McLachlan is in the room, he could explain that.

Mr. McLACHLAN, recalled.

By Mr. White:

Q. What is the meaning of this \$18,000,000 figure?—A. That was the estimated cost of the added locks to a canal for navigation through that section.

Q. Where I see—A. As shown in the International Joint Board of Engineers report. That applied to the flight locks at the lower end.

Mr. JACOBS: May I suggest that you stand half way between the two tables?

The WITNESS: The \$18,000,000 was the cost of adding locks to a canal such as the Beauharnois Company were proposing to build, plus lift bridges and some other things of that nature, that would enable it to be used as a deep waterway route from Lake St. Francis to Lake St. Louis.

Mr. MACKENZIE: An initial sum to be spent, and included some of the extra—

Sir EUGENE Fiset: It was an estimate, purely and simply.

The WITNESS: It did not include that. Really, the Beauharnois Company's engineers made use of the figures which were in the Joint Board of Engineers' Report.

Mr. WHITE: The expenditure was to be made by whom?—A. By the Beauharnois company.

Q. I see.—A. On condition that the Dominion government gave them all the water excluding what was used by Cedars.

The CHAIRMAN: Is this sum of money, the \$18,000,000 to provide for the same work that is set out in paragraph B on page 4 of 422, where it says:

The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately \$16,000,000.

The WITNESS: Oh no, that is a different thing altogether. Will you repeat your question, Mr. Chairman?

The CHAIRMAN: I refer to the \$18,000,000 being the estimate of the navigation end of the project, on page 4 of p.c. 422, and letter B at the end of that page. I shall read the paragraph:

The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately Sixteen million dollars (\$16,000,000) and will be paid by the company.

The WITNESSES: No: that \$16,000,000 is the amount that the federal government would normally spend between the upper end of the flight locks and Lake St. Francis if they built a canal through that territory for navigation only.

Consequently, the digging of the canal by the Beauharnois company if satisfactory in all its respects would save the federal government, according to that view, \$16,000,000. It would really save the federal government \$10,000,000 if the federal government took that as the route they would follow instead one probably available if the Beauharnois project had not intervened.

Sir EUGENE Fiset: It is a clear saving to the federal government of \$16,000,000.

The WITNESS: Not exactly, because under certain conditions it might be a saving of \$16,000,000, but just what those conditions are would take quite a little while to explain.

Mr. WHITE: Does the committee desire to have the explanation, or should the inquiry proceed?

Mr. JACOBS: Perhaps we could have it a little later.

Sir EUGENE Fiset: That \$16,000,000 is only an estimate.

The WITNESS: It is only an estimate, yes, sir.

Mr. WHITE: Perhaps we had better find out from Mr. McLachlan what those conditions are.

The WITNESS: Well, the conditions are these; the Dominion government would have had to spend about \$37,000,000 to build a satisfactory canal for navigation alone from Lake St. Francis to Lake St. Louis, providing there was no power ever developed in connection with the section that would help along the joint development. If, however, power was developed by the province by one scheme, that cost would be reduced to \$31,000,000. In fact, the cost would be \$31,000,000 if the recommendation of the Joint Board of Engineers as regards development was followed. That is, the cost for navigation work alone would be \$31,000,000. There is another scheme that was put forward as an alternative—

The CHAIRMAN: I thought you said a moment ago \$37,000,000.

The WITNESS: I did, sir. If development of the section had proceeded for power and navigation at the same time, synchronized at the same time, the cost of adding works for navigation would be \$31,000,000, not \$37,000,000.

By Mr. White:

Q. A saving of over \$6,000,000 or thereabouts by reason of the synchronization of the construction?—A. Absolutely, yes. Consequently the \$16,000,000 that was reported as being saved to the federal government is really reduced to about \$8,000,000 or \$10,000,000, reduced to about \$8,000,000 for all practical purposes.

The CHAIRMAN: I do not understand what 4 B means, then.

The WITNESS: Let us read it again.

The CHAIRMAN: Let me read it out loud.

The WITNESS: Yes, sir.

The capital amount properly chargeable to navigation in this connection as calculated by the International Joint Board of Engineers will be approximately sixteen million dollars (\$16,000,000) and will be paid by the company. The company will also instal such remedial works as may be necessary to avoid injury to existing power developments and will maintain the level of Lake St. Francis at such elevation as may be required for navigation.

The WITNESS: Well, that is a misleading statement, really.

The CHAIRMAN: It most certainly is.

The WITNESS: It is a misleading statement because, in fact, it would be only by the most extreme condition of divergent action by the province and by the dominion, or by developing the power and developing the navigation that such a condition would be set up.

The CHAIRMAN: Can you show me in the report of the Joint Board of Engineers where they come to this conclusion. I will just pursue that while you go on with your evidence. Can you show it to me? It says here, "The capital amount properly chargeable to navigation in this connection—" and so on. We have the report here. Can you with some expedition show me where they come to that conclusion?

The WITNESS: I cannot explain it, but I can produce a plan to show you.

The CHAIRMAN: That might help.

The WITNESS: There is no such statement in the Joint Board of Engineers report as that. The Joint Board of Engineers never at any time set out exactly what certain sections of the canal would cost, separately, or any sections of the canal.

The CHAIRMAN: Can any one explain why this 4B. was in this report. Does it mean anything?

The WITNESS: Well it does mean something.

Mr. JACOBS: You helped to incorporate that in the report, didn't you?

The WITNESS: Well it means very little because the Dominion government did not act on this first suggestion of the Beauharnois company at all. We did not act on it, and it was washed out by a later statement of Mr. Geoffrion on behalf of the Power company before the Minister of Public Works, and it is on that that the Dominion government acted, so I do not think you should bother yourself unduly about that particular thing, because it is love's labour lost; it was not acted upon, so it was lover's labour lost, I would think.

Mr. WHITE: We just want to understand what it really did mean, this clause 4, "The application in full is attached hereto as appendix I."

The WITNESS: I understand those are these, and practically the one attached to the original application. A hearing was held on January 15, 1929, by the Honourable the Minister of Public Works.

Mr. WHITE: May I ask you about that. Attached to this report your Committee of Engineers, and I think, Mr. Chairman, we had better refer to it as the Committee of Engineers so as to distinguish them from the Joint Board, which is an international board.

The CHAIRMAN: It is merely a departmental board.

Mr. WHITE: We can call it the Committee of Engineers, and then we will all understand what is meant.

Paragraph 5, Mr. McLachlan, says, "The company has filed, in support of its application, numerous documents and plans which are listed hereto, as

Appendix 11." Are those the plans in effect, which are attached to the original Order in Council 422?—A. They are. They include those. They include what was attached to the order in council, and also include a great many other things, reports of engineers to the company.

Mr. White:

Q. I am talking about plans only. There are only five attached to the report.—A. They include the plans that are attached to the order in council and others also.

Q. There are twelve attached to the order in council.

Mr. MONTGOMERY: There are twelve listed in the appendix. The same twelve are listed in the appendix, in addition to two others?

Mr. WHITE: We will take it as correct, then.

Sir EUGENE Fiset: Mr. McLachlan, of the twelve plans attached to the order in council, two are general plans and ten of them are detailed plans. are they?—A. I would think there would be about three general plans and the rest would be detailed plans. There is a planning showing the location of the centre line of the canal and power house on a large scale. Then there is another plan.

Sir EUGENE Fiset: We saw them.

The WITNESS: There is another plan showing the river works, and another plan showing the works at the outlet of Lake St. Francis.

Sir EUGENE Fiset: That is sufficient for my purpose.

Mr. WHITE:

HEARING BEFORE MINISTER OF PUBLIC WORKS

6. A hearing was held on January 15, 1929, by the Honourable the Minister of Public Works, assisted by the Honourable the Minister of Marine and Fisheries, and the Honourable the Minister of the Interior, at which all interested opposing the application of the Beauharnois Light, Heat and Power Company were given the opportunity to present their views.

7. At this hearing Mr. Geoffrion, representing the Beauharnois Company, filed the following statement:

"The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council, is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the company between these two points, and any condition that the Government may exact, in any wording satisfactory to the Government involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the company will submit to any such alteration."

8. The interests opposing the company's application were:

The Shipping Federation of Canada,
The Canada Steamship Lines, Limited,
The Dominion Marine Association,
The Cedars Rapids Manufacturing and Power Company,
The Soulanges Power Company,

The Canadian Light, Heat & Power Company,
The Great Lakes and Atlantic Canal & Power Company, associated with the Transportation and Power Company.

9. These interests filed certain documents in opposition to the Beauharnois Company's proposals as listed in Exhibit 111.

Mr. WHITE: I think perhaps we ought to pause for a moment and take a look at those, simply for the reason that we have them—

The CHAIRMAN: Mr. Montgomery, were all those projects withdrawn before P.C. 422 was passed?

Mr. MONTGOMERY: I do not think so. We were appearing for some of the contestants at that time.

Mr. MACKENZIE: You know both sides of the case, then, Mr. Montgomery?

Mr. WHITE: Appendix 3 simply says that certain objections were filed and gives a list of those who are filing them. They are in the record in this file, and they can be referred to later.

Briefly, shipping interests asked protection for navigation and represented that it would be injured if the company's proposals were carried out, and objected to anything being done that would prejudice the paramount position of navigation.

Power interests asked protection for existing interests, and represented that nothing should be done to jeopardize the overall development of the Soulanges section in an economic manner.

The Soulanges Power Company and the Cedars Rapids Manufacturing and Power Company both definitely offered to go ahead and develop the Soulanges reach in accordance with the Joint Board's Ile aux Vaches project.

You mean by that, when you say "Soulanges reach", the section of the river from Lake St. Francis to Lake St. Louis?—A. Yes.

Scope of Consideration by this Committee.

Since the application deals expressly with an initial flow of 40,000 cubic feet per second diverted through the company's proposed works, this committee will deal specifically with that diversion and the manner in which it may affect the development of future navigation and power.

Works Proposed by the Beauharnois Company.

The works proposed by the Beauharnois Company consist of the following:—

By Mr. White:

Q. This report is predicated upon the withdrawal of 40,000 cubic second feet; that is correct, is it?—A. Yes.

Mr. MONTGOMERY: The report speaks for itself. I take a decided objection to Mr. McLachlan interpreting this report. He is only one of four engineers, and the report speaks for itself, and can speak as well as Mr. McLachlan. I do not know what his attitude is in regard to that, but I do wish to point out at the present time that if he is going to interpret it—

Mr. MACKENZIE: I took the stand this morning, if one is to interpret it, we should have all four.

The CHAIRMAN: We may as well have four interpretations.

Mr. WHITE: It is not a question of interpretation at all. I asked him what the report was predicated upon. If that is interpretation, then I do not know the meaning of the word.

Works Proposed by the Beauharnois Company.

14. The works proposed by the Beauharnois Company consist of the following:—

1. A canal extending from Hungry Bay, at the foot of Lake St. Francis to Melocheville, at the head of Lake St. Louis, said canal being contained between banks which are 1,100 ft. apart where hard materials are encountered, and 4,100 ft. apart, where soft materials are encountered.
2. A power house at Melocheville equipped with ten 50,000 H.P. Units.
3. Regulating works at Thorn Island and at Leonard Island. These are designed to hold up the levels of Lake St. Francis, when a diversion of 40,000 c. f. s. from that Lake is made.
4. A series of works in four rapid stretches of the river between Thorn Island and the head of Lake St. Louis. These are designed to maintain existing depths in channels, and also to maintain existing levels at the head and foot of the Cedar Rapids works.

15. The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway.

By Mr. White:

Q. In this connection can you tell me off hand what the depth of water in the channel of the Cedar Rapids is?—A. The channel in the river opposite the Cedar Rapids power plant?

Q. Yes. Where the boats go through, the shallowest part.—A. Passenger boats run a service there. They draw seven feet, two inches of water, and the channel is a little less than that, I suppose about nine feet, that is what the chart says.

Q. A little more?—A. A little more than that, yes, about nine feet. That is what the chart says. That nine foot depth occurs at one point in the Coteau Rapids, and about two points in the Cedar Rapids, and about two points in the Split Rock and Cascade rapids.

Mr. MORIN: Sometimes they strike bottom.

The WITNESS: Yes, sometimes they strike bottom.

Mr. MORIN: When the water is low.

The WITNESS: Yes.

By Mr. White:

Q. Have you studied the situation to enable you to state as to whether a withdrawal of 40,000 cubic second feet would affect the depth of water in the channel?

Mr. MONTGOMERY: That is something which is dealt with in the report. I do not know whether we are going to get another report from Mr. McLachlan—

Mr. WHITE: Surely I can call a witness and ask him a question on the report, and whether he made an examination or whether he did not. If my friend desires to cross-examine him, he has a perfect right to do so.

Mr. MONTGOMERY: It is not a matter of cross-examination at all. I quite appreciate this committee does not consider itself bound by all the rules, the

technical rules of evidence, but there are certain elementary principles which I submit should govern this committee, and this is one of them. When a witness has signed a report and that report is available my friend is in this position, that the report speaks for itself. If it is a matter of understanding the report the witness may be asked to explain it; but the subject matter of the discussion is covered by the report that is before us at the present time, and I understand we are engaged in the reading of this report. If my friend wants to examine the witness on other facts which are not contained in the report, why, he has a perfect right to do so.

Mr. WHITE: I suppose because a man has written a letter his mouth is sealed forever, whether he was mistaken when he wrote it or not. That is the effect of my friend's contention, certainly.

The WITNESS: May I be allowed to—

Mr. MONTGOMERY: Would my friend Mr. White indicate to me what he has in mind in having Mr. McLachlan say that he was mistaken in the report which is signed with three other engineers.

Mr. MORIN: He will not say so.

Mr. MONTGOMERY: Then my friend's illustration is quite inapt.

Mr. WHITE: Surely, my friend is not contending that a man's lips are sealed because he happened to sign a report.

Mr. MACKENZIE: It seems to me, if we are going to discuss a report of four engineers, the four engineers should be in the room.

The CHAIRMAN: Mr. Montgomery, supposing Mr. McLachlan answered the question in such a way as would contradict his previous report, the fact that it is at variance with his previous report is not helpful to us, so far as we are concerned.

Mr. MONTGOMERY: I take it the government presumably acted upon this report, and were warranted or not warranted in doing so. The report is there, and is the report upon which, presumably, the Minister and the government acted in granting these rights. Now, is Mr. McLachlan going to be permitted to come forward and say he is mistaken in his report?

The CHAIRMAN: If he does so, it is merely a reflection on Mr. McLachlan's judgment, and that is as far as it goes.

Mr. MONTGOMERY: I do not know how far it would be useful in investigating Mr. Gardiner's charges which are really the primary object of this investigation.

The CHAIRMAN: What is the question, Mr. White?

Mr. WHITE: I have forgotten it now, but I shall try to formulate it again.

Mr. JACOBS: The reporter will read it for you.

Mr. WHITE: I shall put it this way; does this report deal with the effect of the withdrawal of 40,000 cubic second feet from the river upon navigation in the rapids section?—A. Yes, this report deals with all those questions.

Q. Then, we shall come to it.

Mr. MONTGOMERY: Now we are pleased with Mr. McLachlan.

Mr. WHITE: It seems to me we could get along without those interruptions.

The St. Lawrence river is now improved by side canals so as to give a depth of 14 feet between Lake Ontario and Montreal. The Soulanges Canal, which connects Lake St. Louis and Lake St. Francis is an essential link in this system. In low water periods usable depth in this system is controlled by that available over sills at lock No. 15, at the foot of the Cornwall Canal, and at lock No. 5 at the head of the Lachine Canal.

As these canals now carry a large traffic, and as a lowering of Lake St. Francis reduces depth at Cornwall, nothing can be allowed which lowers the level of Lake St. Francis. This fact is recognized by the Beauharnois Company. They propose regulating works south of Thorn Island, and north of Leonard Island. These are designed to control the flow of the St. Lawrence River at the head of Coteau Rapids to a sufficient extent to compensate for the lowering effect of the diversion proposed. Our analysis shows that they have sufficient capacity to accomplish this object, except during short periods when easterly winds operate on the surface of Lake Ontario, during extreme low periods such as occur in the autumn about once in twenty years. It would appear that a light extension of the works proposed at Thorn Island and Leonard Island is necessary to maintain present depths in 14-foot system of canals at all times. This can be done by constructing an additional dam between Thorn Island and Maple Island, or by other alterations in works which can be easily made.

By Mr. White:

Q. Would you point out to us on the map where those dams were to be?—

A. The three dams were to be here (indicating on map).

Q. The three dams, as indicated on the map are really at the entrance of Lake St. Francis into the rapid section of the river?—A. Yes, at a point where the water level is two feet below the level of the lake.

Q. I see:

17. These works, when satisfactorily operated, should be capable of maintaining an outflow from Lake St. Francis corresponding to the natural regime in the past, and in this way the objection registered by the Shipping Federation of Canada, as to the possible fluctuation of Montreal Harbour, would be satisfactorily met. It is essential that regulations to secure this objective be applied.

EFFECT OF WORKS ON NAVIGATION AT AND BELOW MONTREAL

18. The effect of diverting water from Lake St. Francis to Lake St. Louis, can be prevented from making any difference in the level of Lake St. Louis, or extending to Montreal, so long as the flow through the Soulanges Section is prevented from varying from hour to hour throughout the progress of the day. This maintenance of a uniform flow through power works, generally, in the Soulanges Section, can be accomplished so long as the flow used for power is not greater than the minimum flow of the river during the navigation season. As the progressive development of the Soulanges Section for power proceeds, the time must come when economic conditions will force the use of more than the minimum flow of the river for power.

When you refer here to the Soulanges section that does not mean, I take it, the Soulanges Canal but the whole section of the river.—A. Yes.

Mr. WHITE: Then continuing:—

If, and when, this takes place, something will have to be done to prevent the surges set up by hourly variation from reaching Montreal Harbour, unless at that time something is done below Montreal to raise river levels generally at that point. In the Joint Board of Engineers Report, the ultimate utilization of a maximum flow of 250,000 c.f.s. for power was visualized. This will necessitate controlling the flow out of Lake St. Louis in the interests of navigation at and below Montreal by

means of a regulating dam during the navigation season. If, therefore, it should transpire that the Soulanges Section is improved to its fullest extent for power, before a dam at the foot of Lake St. Louis is required for other purposes the power interests in the Soulanges Section should be assessed for the construction of such a work.

19. Provision in approvals now granted should be made for the assessing of all companies in the Soulanges Section for such works, should assessment be required.

EFFECT OF WORKS ON PRESENT RAPIDS NAVIGATION

20. The remedial works proposed in the Rapids between the regulating works at Thorn Island and the Head of Lake St. Louis consist of rock filled dams at four places and channel improvements at five places. In the hearings that have been held, the Canada Steamship Lines, supported by the Dominion Marine Association, expressed grave doubts as to the efficacy of these works, and suggested it would be almost impossible to do anything to preserve such navigation should the diversion of 40,000 sec. ft. be allowed.

21. Some of these works are not well planned and, if built, would, we believe, fail to preserve present depths in rapids. The rock filled dam shown between Ile Juilliet and Grande Island would be very difficult to construct. If built, it would raise high water levels too much or low water levels too little to be satisfactory. It would probably be damaged by the action of ice in water. The objects sought might be obtained by building a long structure in shallow water farther up stream. An overflow dam of timber crib construction might be used for such a work. It would give a crest line which could when necessary be adjusted. The idea of directing passenger boat channels from south of Ile Ville Mable to the shoal areas north is not favoured by this Committee. The Committee believes that the maintenance of depths in existing channels would be more satisfactory to navigation.

22. The excavation of solid rock above and below Prisoners Island should, we believe, be avoided by designing and building works which will hold up water levels at these points rather than attempting by dredging to compensate for lowering. The excavation shown in Split Rock and Cascades Rapids is more difficult to avoid, but, even at these points, we believe more satisfactory results would be obtained by use of longitudinal training works, than by excavation.

23. On the site of some of the works, foundation conditions are undetermined. This uncertainty may not be serious, on account of the works not being of great magnitude, but, because of this lack of information, and on account of the varying flow conditions of the river as between winter and summer seasons, the works must be largely experimental, and arranged so that changes can be made as conditions require. The uncertainties connected with this matter, are much greater than those connected with any other feature of the proposed diversion.

24. The plans for the development of the Soulanges, as of other rapids sections, for power presented by the Joint Board of Engineers, as well as other schemes for partial developments which have been considered, result in permanent discontinuance of the rapids section for navigation, and the transfer of all navigation to side canals on these sections.

25. In the Soulanges Section, therefore, the expenditure involved in maintaining this 7 ft. or rapid navigation is likely to be lost in a

short time through the development of a further stage for power. The works necessitated for the preservation of this navigation are relatively costly, and, moreover, are of a largely experimental nature.

26. Before proceeding with an endeavour to maintain rapids navigation in the face of possibilities heretofore mentioned, the alternative of discontinuing the Soulanges Section for rapids navigation and the saddling of the loss to this existing utility on the power developments to which it would give way, might well be considered.

27. In granting approvals for power development, therefore, provision should be made for the assessing of such losses as may be determined.

28. The Committee while offering the suggestions aforementioned can only recommend approval of these works *subject to modifications* to meet conditions as experience shows them to be necessary.

EFFECT ON PRESENT POWER DEVELOPMENTS

29. There are, at present, four large power developments in the Soulanges Section. The largest of these is the Cedars Rapids Manufacturing and Power Co. This plant was set up by lease of land from the Province of Quebec, incorporation by Dominion Act and approval of plans by the Department of Public Works. The second largest of these is the Canadian Light and Power Company's plant at St. Timothee. This plant was brought into being by lease of the old Beauharnois Canal from the Department of Railways and Canals. This canal has been since enlarged. The third largest development in the section is the Provincial Light and Power Company's plant below Cedars. It is now owned by the Montreal Light Heat and Power Company. It came into being through lease of surplus water from the Soulanges Canal, granted by the Department of Railways and Canals. The fourth development in the section is the Montreal Cotton Company's plant at Valleyfield. This plant and a few others at that point came into being by a gradual extension of water privileges obtained from the Department of Railways and Canals at a dam which was associated with the Beauharnois Canal. The smallest power plant in the section is at the mouth of the A La Graise river. It is used to light and operate the Soulanges Canal, and is owned by the Department of Railways and Canals.

30. The Beauharnois Company's plans are designed to maintain the level of Lake St. Francis in future at the same elevation as it has held in the past. As a consequence no change need be expected in the head-water conditions of the three power plants set up by lease from the Department of Railways and Canals.

31. The design of remedial works for use in the Rapids below Grande Island is not yet worked out in a satisfactory manner, but, in any case it may be taken for granted water levels will not be raised when approval is given for such works. As a consequence, the water powers set up by the Department of Railways and Canals will not be injured by the execution of the Beauharnois Company's proposals.

32. However, the abstraction of 40,000 c.f.s. from the river will reduce the volume of water flowing through the section and past the Cedar Rapids Power Company's plant. If the area of water surface exposed in this neighbourhood could be reduced proportionately as the flow is to be reduced, there would be a proportionate reduction in the quantity of ice formed, and the Cedars Rapids Plant would function in future almost as in the past. A document purporting to show that ice formation will be reduced proportional to flow has been submitted

by the Beauharnois Company Engineers. In fact, this document predicts that conditions will be improved so far as the Cedars Rapids Company's operations in winter are concerned, when proposed remedial works are built. We have examined the data and analysis submitted. We cannot agree that the works proposed will attain the results indicated, and believe the proportion of ice to water in the mixture flowing in the river past the Cedars Rapids Plant will be greater with the proposed works executed than it is at present.

33. It should be pointed out, however, that the responsibility for protecting the Cedars Rapids Company's Plant in winter does not rest with the Federal Government, because the rights which the Cedars Rapids Company enjoy were derived largely through lease of water lots from the Province of Quebec.

POSSIBLE EFFECT OF CHANGE IN ICE CONDITIONS ON NAVIGATION

34. We have studied the possible effect of the diversion of 40,000 cubic feet per second to see if such diversion would increase the difficulties of navigation due to ice conditions. We do not find any reason to believe that there will be an increase in quantity of ice formed which would advance the date of closing of navigation in the river, or delay the date of opening of navigation in the river. We have been unable to see that from the point of view of ice formation navigation will be adversely affected.

EFFECT OF BEAUHARNOIS COMPANY'S PROJECT ON AN OVERALL DEVELOPMENT OF SOULANGES SECTION FOR NAVIGATION

35. Before discussing details of how the Beauharnois Project affects future deep navigation, a few basic conditions upon which the discussion is developed should be understood.

36. The development of the St. Lawrence River for navigation as well as for its power resources has been the subject of public discussion for many years, during which, from time to time, projects for power development have been presented, but inasmuch as none of these was shown to be an economic part of any co-ordinated project, developing and conserving not only navigation but all power resources, they have not been approved, pending the time when after most careful and painstaking study, such co-ordinated project might be developed, for the future guidance of authorities concerned.

The CHAIRMAN: Just at this juncture can we assume that the work approved of in P.C. 422 is the co-ordinated project referred to in 36 which you have just read?

Mr. WHITE: I do not think we can quite assume that, sir. It is a co-ordinated project in the sense that it combines the elements of power and navigation but I understand that the whole scheme, that is, as a complete scheme it has not been formally approved by the Joint Committee.

The CHAIRMAN: What I have in mind in this: This report is dated January 30, 1929. P.C. 422 is dated March 8th, that is, a couple of months afterwards, and the Governor in Council had this report before them when P.C. 422 was passed. And this report then contains this paragraph 36, and I will just read it again.

36. The development of the St. Lawrence River for navigation as well as for its power resources has been the subject of public discussion for many years, during which, from time to time, projects for power

development have been presented, but, inasmuch as none of these was shown to be an economic part of any co-ordinated project, developing and conserving not only navigation but all power resources they have not been approved, pending the time when after most careful and painstaking study, such co-ordinated project might be developed, for the future guidance of authorities concerned.

Now, that was the report in January. Then P.C. 422 was passed on the following 8th day of March. That is the reason for my question. Are we to assume that this is the project that has been arrived at after the careful and painstaking study that is referred to in the report of the engineers?

Mr. WHITE: I think not, Mr. Chairman.

Mr. JACOBS: Are they not encroaching on the rights of the province of Quebec when they talk about future power development.

Mr. WHITE: I am afraid we will have to go back again to the Supreme Court.

Mr. JACOBS: Or further.

Mr. WHITE: Yes. This report does not involve any legal question.

Mr. MONTGOMERY: I think 37, 38 and 39 pretty well answer your question.

Mr. WHITE: I may say, Mr. Chairman, looking at Exhibit 22, sessional paper 136A, 1929, at page 74, there is a copy of some objections raised by a man named Charles E. Fraser—

The WITNESS: Of the Soulanges Power Company, if I remember correctly.

Mr. WHITE: January 18, 1929, and in that he quotes from the Joint Board's report and says on page 74:

It is evident that in all their studies the Joint Board of Engineers gave full and complete consideration to the problem of providing for the requirements of navigation. We may quote their statement in this connection:—

109. Fundamental Principles. The plans have been prepared in accordance with the recognized principle that the interests of navigation on the St. Lawrence are paramount. A full observance of this principle does not interfere with the beneficial use of the flow of the river for power generation. On the contrary, the improvement of the rapid sections of the river for the joint benefit of navigation and power affords, as a rule, much better navigation than could be secured by the improvement now economically justifiable in the interests of navigation alone.

110. In accordance with its instructions, the schemes presented by the Board are designed to provide to the best advantage, at this time and ultimately, for the development of the capacities and possibilities of the waterway. The magnitude of the interests in the two countries that would be affected by the improvements if the project be adopted have been fully considered. The Board has visualized the fullest ultimate development of the navigable capacity of the waterway commensurate with cost. The endeavour has been made to provide the maximum amount of open river navigation, with a minimum of locks and of canal navigation. For the initial improvement it has adopted the minimum standard hereinafter set forth, but the plans are so drawn that the navigation improvements can be enlarged, at the least economic loss, as the traffic justified further improvement. Plans that would restrict the best eventual development of the waterway for navigation have therefore been discarded.

The main point in this argument is that the proposed diversion asked by the Beauharnois Light, Heat & Power Company is a serious disruption of the Joint Board plan. The Beauharnois diversion was carefully studied by the Joint Board Engineers and the result of these studies is set forth in their published report. The final decision of the Joint Board was to reject the Beauharnois diversion in favour of the river bed development finally recommended and now adopted by the Soulanges Power Company which seeks the right to proceed with the carrying out of the Board's plan.

By Mr. White:

Q. Now as Chairman of the Canadian section of that Joint Board what do you say as to whether that statement—

Mr. MONTGOMERY: Are you going through all those protests, that is, Soulanges, Cedars, and so on.

Mr. WHITE: Why does my learned friend ask me that.

Mr. MONTGOMERY: I do not know quite why at this stage of the proceedings you are interrupting the reading of this report to discuss the protests, and so on. There must be some order in this thing, and if my friend is going to take Mr. McLachlan over those protests to see whether he agrees with the statements made by every one of the protestants—and it is quite obvious they were making the best argument that they could in opposition to this scheme; that is what Mr. Fraser was engaged for; he was filing a brief the same as I might do; but as to examining Mr. Fraser as to whether he agrees with the statements of those different protestants is, of course, a different subject matter than we are dealing with now which is the reading of the engineer's report.

Mr. JACOBS: Who was Mr. Fraser acting for.

Mr. MONTGOMERY: For the Soulanges Company which is one of the protesting parties.

The CHAIRMAN: Is not that a very pertinent question to put to Mr. McLachlan.

Mr. MONTGOMERY: I would suggest it certainly is not pertinent at the present time when we are reading the report and Mr. McLachlan is one of the signers of this report, to ask him questions about some other report which was filed and which is not even referred to in any portion of the engineer's report. It seems to me we will become hopelessly confused.

The CHAIRMAN: We won't, I trust, become more confused than the witness will.

Mr. MONTGOMERY: I do not know, I hope not; but, at the same time—

The CHAIRMAN: Supposing we apply the rules of evidence. If this were a civil trial would not that be a very proper question to put to a witness in Mr. McLachlan's position.

Mr. JACOBS: After Mr. McLachlan has signed a report in contradiction of what is stated?

The CHAIRMAN: Well, I think it is pertinent.

Mr. MONTGOMERY: It is rather difficult to follow a quotation read by Mr. White out of some engineer's report.

Mr. LENNOX: Supposing he does contradict the report, does that make it inadmissible as evidence.

Mr. MONTGOMERY: Well, of course, I am just trying to think of that now.

The CHAIRMAN: I think it is pertinent and admissible, even if it were a civil suit. What difference does it make if Mr. McLachlan has made a written

statement giving his opinion and he has to come forward here as a witness and justify that statement; supposing he changes his mind later on, is not that very pertinent and proper that he be allowed to change his mind.

Mr. MONTGOMERY: Really I do not know. Possibly we are viewing this investigation from rather different angles. After all, we are dealing with water that has gone down the stream to some extent now. Here is a report that was made and acted upon by the government of that time, and as to whether Mr. McLachlan if he were called upon to-day to advise would advise in a different sense from that report I do not know that that is a subject of reproach that is made in Mr. Gardiner's speeches.

The CHAIRMAN: We are not limited to the charges made in Mr. Gardiner's speech, although I have been told it was a very fine speech.

Mr. MONTGOMERY: I think so.

Mr. JACOBS: You take the ground that the government acted on Mr. McLachlan's report.

Mr. MONTGOMERY: Surely.

Mr. JACOBS: And if he has changed his mind that does not concern the government or those who are holding property from them.

Mr. WHITE: Is that all relevant to the immediate matter we have under discussion? What we are trying to ascertain, I take it to be, is as to whether the proposal of the Beauharnois was in accord with any proposal that had at that time been made by the Joint Board.

Mr. MONTGOMERY: I do not know, that is not the subject. I would take exception to that statement as to whether or not that is the substance—

Mr. WHITE: I cannot please my learned friend. I am sorry that he does not agree with the way I am endeavoring to elicit the facts here, and I do not suppose I will be able to.

Hon. Mr. MACKENZIE: I think, for the purpose of the record, it is very unfortunate to have this discussion in the middle of the report. I think this report should be on the record without any interruptions coming in between.

The CHAIRMAN: It is on the record now as part of an exhibit.

Sir EUGENE Fiset: It has not been read into the record.

Mr. WHITE: I have no possible objection to reading the report and going all through it and then coming back to these things.

The CHAIRMAN: That is what Mr. Mackenzie suggests, Mr. White.

Mr. WHITE: I can do that if it is the wish of the committee, no difficulty about it at all.

Mr. LENNOX: I do not agree with Mr. Mackenzie, I would rather have those things cleaned up as we go along.

Mr. WHITE: That is my idea. When I go through things I just naturally want the explanation at the time.

Mr. LENNOX: Speaking for myself, it is much more satisfactory to have it cleared up as we go along.

Hon. Mr. MACKENZIE: I have no objection, but it seems more reasonable to put the report in as such.

The CHAIRMAN: I think the view of the committee is that the question should be asked and answered.

By Mr. White:

Q. Well then, we will put it shortly this way, Mr. McLachlan: Was the Beauharnois application in compliance with any scheme of development which up to that time—that is, up to January 30, 1929, had been approved by the

Joint Board.—A. The Beauharnois project was examined by the Joint Board of engineers in its theoretical aspects and was, of course, rejected as shown by that report. But the report that I signed with Mr. Cameron and Mr. Johnston and Mr. Cote, was prepared under somewhat different circumstances and to meet a slightly different point of view. The report which you are reading has stated that the Beauharnois project is not part of the co-ordinated project which was developed by the Joint Board of Engineers. But the report, just at the point where you are reading, proceeds to show a way in which it would appear the Beauharnois project might be made a part of a co-ordinated project if the procedure indicated in this report which you are reading is followed. And this report will show that from the special point of view from which this report is written, there will be no loss of economy in developing the section with the Beauharnois project as the first stage of that project, provided the procedure outlined in this report which you are reading is followed.

Now, I am sure you are confused with that statement of mine, but to help you to understand it I will give a little explanation. The Joint Board of Engineers' report was prepared with a view to making available all the power resources in the Soulanges section in the cheapest possible way for the province of Quebec. Export of power to Ontario was excluded from that consideration as the judgment of the Joint Board of Engineers was that the point of view to approach it from was with regard to the market being restricted to the province of Quebec. You will find an appendix in the Joint Board of Engineers' report. There are a series of tables which are set up to show that a small export of power from Quebec to Ontario for a given number of years would really change the conclusion of the Joint Board of Engineers with regard to the co-ordinated project which they set up for the Soulanges section. That is set out in the report. I, as a signer of those two reports, have not found to date anything in conflict between the two.

By the Chairman:

Q. You are just dealing with it from two different angles.—A. From two different angles. When this report, which you are reading, was prepared, there was before the government a specific application for a specific amount of power which was approved, or a wish to have it approved was expressed by the province of Quebec.

Now, if there was any economic way in which that wish of the province of Quebec could be made part of a co-ordinated project, it was the duty of our committee of engineers to find it out. We studied the thing and we found out so far as we knew, and we proceeded to outline that thing at the point where Mr. White is reading.

Q. So that a wrong impression may not be left, Mr. McLachlan, do I understand you to say that the province of Quebec officially supported the approval of the Beauharnois plan attached to P.C. 422?—A. We had to.

Mr. CANNON: I do not think this witness can give those facts to this committee. The documents are here.

The CHAIRMAN: I am giving him an opportunity to struggle with it and see how far he can go. He left that impression with me at any rate.

Mr. CANNON: But I do not think we should get impressions. We should have the facts.

The CHAIRMAN: However, if you are satisfied to leave the impression the way it is now, I am.

By Mr. Jacobs:

Q. In what respect would the export of power to Ontario affect this project, Mr. McLachlan?—A. In what way would it affect this project?

Q. Yes.—A. Well, I might explain it this way: If you want a certain block of power, say 400,000 horse-power out of the 1,500,000, say, that is available in the section, and you can see clearly whatever way you develop that you are not going to want any more power for a considerable period of time why, it means that you have got to take into account the operating loss passing between the first stage and the succeeding stages and there are carrying charges accumulating that affect you greatly. As a matter of fact, I can show you to-day by an analysis that the Beauharnois project to develop 430,000 horse-power with a ten-year period elapsing between the development of that power and the development of subsequent power in that section, that if that is what is wanted in the country, as a whole, the Beauharnois project is just as economical as the co-ordinated project of the Joint Board of Engineers for those who are interested in power or the province of Quebec.

Q. You are dealing with this here as a power proposition?—A. As a power proposition entirely.

Q. Not a navigable proposition at all—A. As a power proposition. Actually, if I might explain, here is just about what is happening, or at least what might possibly happen: There are 400,000 horse-power developed in the province of Quebec. A large proportion of that is exported to the province of Quebec. In perhaps a few years we will have the international section of the St. Lawrence developed and with it one million horse-power. There is no reason why that power should not flow back to the province of Quebec for a time at least which would supply the needs of Ontario for ten years, in which case there would be no need to go on with the development of the Soulanges section for power. Now, at the end of that ten years, of course, you would go on developing the power in the section. Analyzed on that basis there is no economic loss in the Beauharnois project. Calculating your results right through to the end of the marketing of all that power, why, you are then as far ahead with the Beauharnois project as you would be with any of the co-ordinated projects.

Q. Was not this Joint Board of Engineers set up for the purpose of advising the Dominion government on the effect of the navigability of the St. Lawrence River, giving this 40,000 horse-power to the Beauharnois Power Company?

—A. When the Joint Board of Engineers' report was made, in which there were Americans and Canadians, there was no Beauharnois application.

Q. I am referring to the four gentlemen, the committee of engineers.—A. Yes.

Q. You were merely dealing with it from the Federal point of view, were you not, to see how the diversion of this 40,000 horse power would affect the navigability of the St. Lawrence at that point.—A. Well, we considered our position quite carefully and decided we could not deal with it from that restricted point of view. We had to visualize what was going to happen in the way of a co-ordinated plan for the future.

Q. What the whole St. Lawrence Waterway scheme would be. —A. When all the power would be wanted, when the St. Lawrence scheme was under way. We had to visualize all that, and we proceeded to give you this discussion from that point of view.

Mr. WHITE: Continuing with No. 37:—

37. The development of power on a river system can only be effectively accomplished in the most economic manner after a careful study to evolve a co-ordinated project for the development of all the potential resources. This has been established in Canada both where the Dominion is concerned and where the provinces have been primarily concerned, and the instructions of the International Joint Board of Engineers, on which they developed the St. Lawrence Project, were based on this principle.

38. The attainment of this ideal would however necessitate there being one central authority with power to co-ordinate the development of navigation with the development of power.

39. However, as there is still uncertainty as to the relative jurisdiction of Federal and Provincial authorities, on the power side of the question, and as the necessary central authority is not yet established, your Committee has endeavoured to set out fairly the manner in which the proposed diversion will affect navigation and power.

40. The estimates which are used in this report and made the basis of its conclusions are those which have been developed to date by the Department of Railways and Canals, and which have been taken by the Committee as the basis of comparison between the various projects.

41. In connection with estimates submitted by the Beauharnois Company, it may be said that they used higher velocities and lower unit prices than the International Board of Engineers used for work to be done in connection with diversion channels. Those high velocities and low unit prices are, in general, not approved. Only in one particular does the Committee see fit to make any change in the basis of estimating used by the Joint Board of Engineers. This has to do with the unit price for the excavation of Marine Clay in the wide channels proposed for power. A price of 45 cents per cu. yd. was used in the International Joint Board of Engineers Report, for the excavation of Marine Clay on the south side of the river, and a unit price of 55 cents per cu. yd. for the excavation of similar material on the north side of the river. It is deemed fair to use a price of 33 cents per cu. yd. for the excavation of such material where it is met with in wide power canals on both sides of the river. This unit price is in keeping with the cost of work done by the Hydro Electric Power Commission of Ontario in the enlargement of the Chippewa River in recent years, and is in line with that used in connection with the Oswego to Hudson estimates of the U. S. Government Engineers who reported on that project. The unit price used for the excavation of this material in narrow canals, is not changed from that used by the Joint Board.

42. The report of the Joint Board of Engineers, 1926, paragraph 162—found that it is practicable and advantageous to combine the improvement for navigation in the Soulanges section with the development of power, only the first part of the power development being undertaken in conjunction with the works required to carry navigation through the section. The first cost of works for deep navigation and 382,000 H.P. was estimated at \$105,210,000. Of this amount \$32,859,000 was for works solely for navigation with a depth of 27 feet.

43. To construct the whole works necessary for navigation according to the Board's scheme of river development, prior to the installation of power, was estimated by the Board to cost \$79,780,000 for a depth of 27 ft. It is obvious that this would be an unwarranted procedure unless, as stated by the Board in paragraph 175, arrangements are made whereby power interests bear a fair proportion of the cost of the initial expenditure required.

44. Lateral canals for deep water navigation alone were projected by the international board of Engineers, one wholly on the north side of the river and the other wholly on the south side.

45. The first cost of the lateral canal on the north side of the river 27 ft. dept was estimated at \$41,633,000.

46. The cost of the lateral canal on the south side of the river from Hungry Bay to Melocheville was estimated at \$38,565,000. This is the joint Board's estimate of the canal for navigation alone as originally proposed in the Wooten-Bowden Report, made in 1921.

47. On the most economical of all schemes brought out to date for the development of the power in the Soulanges Section previous to the undertaking of a deep waterway, it has been found that the cost of adding thereto the structures required for deep navigation would amount to \$31,769,000.

48. The power canal proposed to be built from Hungry Bay to Melocheville, if it has a width of 600 ft. and a depth of 27 ft. and carries not more than 40,000 c.f.s. can be later used satisfactorily as a navigation canal, and completed as such by the addition of locks and other structures, the additional cost of such works being estimated at \$21,600,000.

49. The above figures show that the cost of works for deep navigation when added to the Hungry Bay-Melocheville Project is less than when similar works are added to the Ile aux Vaches, or other river project. In discussing the improvement of the Soulanges Section for power, it will be shown that a diversion of 40,000 c.f.s. does not increase the proportional cost of developing the remaining power resources in the river. In fact it reduces it slightly, from \$143.10 to \$140.20 per. H.P. but if the burden of constructing works solely for navigation should be thrown upon the power improvement, it would entail an extra cost of \$25.20, with diversion, and only \$20.50 without diversion, making it somewhat more costly for power to carry navigation with diversion than without it. However, this would not result if a co-ordinated project for development of power resources to be described, takes the place of the Ile aux Vaches Project, recommended by the Joint Board of Engineers.

50. In connection with the joint use of the navigation and power canal by the Hungry Bay-Melocheville route, and the navigation facilities provided along with the river projects described certain apt comparisons can be made.

51. The bridges across the canal on the north shore route are over purely navigation reaches in which the velocity would not be high. The bridges over the Hungry Bay-Melocheville canal would have approach velocities of about 2.25 ft. per second. These, in a measure, set up conditions which are somewhat special, and estimates have been prepared on the basis of providing 1,200 ft. cribs on the upstream side of each lift bridge. This is done to enable an approaching ship to go astern and tie up if necessary. With this done, it is believed navigators can find no objection to the navigation facilities offered by the Hungry Bay-Melocheville Project even when combined with use for power. However, there will be not less than five lift bridges on the south route, whereas the number required on the north route is proposed to be held down to three. The Hungry Bay-Melocheville route will have two canal entrances, both of which are to be made under excellent conditions. The north shore route on the other hand, has four canal entrances, all of which are made from river stretches with some cross currents. With the south in combination with power as described, there will only be two lift locks required for the passage of navigation through the section. With the north shore route three locks are required.

52. If the future development of the remaining flow in this section of the river is not carried out according to the schemes proposed to date

or suggested herein, it will be essential, in order to retain the alternative of river navigation, that suitable safeguarding regulations be made in respect to approval of any such works as will ensure the possibility of adding deep water navigation in the river to the power works at a cost which will not exceed the cost of adding the same facility to the schemes for power development, as developed to date.

53. In so far, then, as the diversion of 40,000 c.f.s. from Lake St. Francis via the Hungry Bay-Melocheville route is concerned, and this is the matter with which this report deals, the conclusion we have come to is, that it will not make deep water navigation via that route or any route developed to date, more costly or difficult so long as policies are not directed towards saddling the whole cost of navigation works on the power to be developed in a future river improvement. Even with policies so directed cost will only be affected to a very slight extent.

54. In view of the representations made by those interests opposing the application, and also in view of the proposal for full river diversion made in the application, the following discussion of the further development of power in this section is presented.

EFFECT OF BEAUHARNOIS COMPANY'S PROTECTION AND OVERALL DEVELOPMENT OF SOULANGES SECTION FOR POWER

55. The same restrictions as regards permissible velocities, in power canals, coefficients of roughness, etc., have been used in all cases as were adopted by the joint Board of Engineers and set out in their report. Power canals have been given such cross-sectional areas as will give maximum velocities of 2.25 feet per second under ice cover conditions. The coefficient of roughness due to ice cover is taken as "M"—5.5 in Bazin's formula. This must be combined with the coefficient of roughness due to the wetted perimeter of the canal. The value of Bazin's "M" for suction dredged channels, has been taken as 4.4 and for channels excavated in the dry as 4.0. For concrete lined canals the value of Kutter's "n" has been taken as 0.015.

56. All projects have been analyzed on the assumption that \$10,000,000 would be spent on construction each year during which works were prosecuted, and after completion 75,000 horse-power will be marketed each year. Interest and carrying charges on expenditures necessarily made before revenues are derived, have been taken at 5 per cent per year. In cases where improvement is made by a number of stages, the excess or deficiencies in cost of each of the several stages is equalized by allowing interest on the monies necessarily required for such purpose. The overall cost so found, is a yardstick by which the overall economy of projects is analyzed.

Project Recommended by Joint Board.

57. The capital cost of improving the Soulanges Section, by the Ile aux Vaches River Project, for power alone, as given in the International Joint Board of Engineers Report, is \$180,711,000, as shown on page 368 of their report. This includes works for preserving 14-foot navigation, but does not include locks for deep navigation. The firm power obtained is 1,632,000 horse-power. The first cost per horse-power is \$110.70.

58. When this Ile aux Vaches Project is analyzed, on the assumption that 75,000 horse-power will be marketed per year, \$10,000,000 will be spent yearly on construction, and interest is taken at 5 per cent it is found that interest and carrying charges of \$32,890,000, and equalizing charges

of \$20,430,000 have to be added to the first cost, to give the overall cost of power, viz., \$234,031,000 or \$243.40 per horse-power, as shown on tables attached.

59. The Ile aux Vaches Project for Power Alone, as described in the International Joint Board of Engineers' Report, is drawn in such a way as will permit the introduction of deep water navigation, when, and as required. The extra cost of these works is \$31,769,000 for a depth of 27 feet.

60. The change in unit price for Marine Clay as noted in paragraph 41, reduces the first cost of the second stage of the Ile aux Vaches Project, as above set forth, to the extent of about \$4,300,000. Other changes, however, which may advantageously be made, increase the cost of this project to \$180,009,000, which is about that given in the Joint Board of Engineers Report. In all projects discussed here under a unit price of 33 cents per cubic yard for marine clay in power canals is used.

Proposed Power Diversion Project.

61. A diversion of 40,000 c.f.s. from Lake St. Francis to Lake St. Louis, can be accomplished in a number of ways. The most economical method from a power point of view, appears to be by a concrete lined canal in which the water would travel at 6 feet per second, and stay open in winter. The amount of power to be derived from 40,000 c.f.s. utilized at a head of 75 feet at Melocheville, is only 300,000 horse-power, and the power which it would give at 80 feet head is about 320,000 horse-power. A head of about 80 feet would generally be available in summer, but in winter it would be reduced to 75 feet or less, dependent on the form of canal used. The amount of firm power derived from 40,000 c.f.s. will not exceed 300,000 horse-power. The first cost of all the work connected with the development of 300,000 horse-power, with a concrete lined canal, and water at 6 feet per second, would be about \$48,500,000, or \$161.70 per horse-power. This canal would continue open in winter.

62. If the power canal is to be built with the idea that it will later be used for navigation, as well as power, it must have low velocities. If it has low velocities, no protection lining would be required to stop scour and an ice cover will form in winter. Such a canal would have to be 606 feet wide on the bottom, and 27 feet deep to give satisfactory results from joint navigation and power point of view. This provides for an average velocity of 2.25 feet per second. Its first cost would be increased to the extent of about \$5,000,000, and would stand at \$53,983,000, or \$179.90 per horse-power. This project would not disturb the Soulanges Canal, or the level of Lake St. Francis, as it is coupled with control works, at the foot of that lake.

Effect of Proposed Diversions

63. As explained in the International Joint Board of Engineers Reports, the Ile Aux Vaches Project was found to be the best form of power improvement for the Soulanges Sections, because it cared for the Cedars Rapids Customers, during the transformation of the river, better than other projects. If, now, 40,000 c.f.s. is diverted from the river and used for the development of 300,000 horse-power at Melocheville, and such power is sold to new customers, the problem of caring for Cedars customers will again be, in general, the same as found at that time by the Joint Board of Engineers, and will, no doubt, lead to the same results. A development at Melocheville under above circumstances should thus be followed by a three stage modified Ile Aux Vaches Project.

Melocheville-Ile Aux Vaches Project

64. Estimates of this Melocheville-Ile Aux Vaches combination have been prepared with 300,000 horse-power at Melocheville as the first stage; 340,000 horse-power at Ile Aux Vaches as the second stage; 300,000 horse-power at Cascades Point as the third stage; and 689,000 horse-power at Cascades Island as the fourth stage. The initial cost of the resulting project is \$204,852,000 or \$126 per horse-power, with 33 cents per cubic yard taken for Marine Clay in Power Canals.

65. On the basis of analysis, previously set out, this project would have interest and carrying charges of \$32,930,000 and equalizing charges of \$21,750,000. This would bring the total cost up to \$259,532,000, or \$159.60 per horse-power, or \$26,003,000 more than the Ile Aux Vaches Project with the whole flow developed in the river. When, however, navigation works are added, a saving of \$9,700,000 would be effected by following the route available through the Hungry Bay-Melocheville Power Canal, and the extra cost is consequently reduced to about \$16,300,000 when both power and navigation are considered. In this sequence, the first cost of the first stage, viz., development of 300,000 horse-power at Melocheville is \$53,983,000, and with interest and carrying charges, its cost is \$63,883,000, or \$213 per horse-power, while the first cost of developing the power remaining in the river is \$150,869,000, or \$113.50 per horse-power. The total cost, including overhead, is \$186,679,000, or \$140.20 per horse-power as shown on tables hereto attached.

66. The development of the power resources in the manner above described, would increase the cost of the development of the river, as a whole for power and navigation to the extent of about \$16,300,000, all of which virtually falls on the Beauharnois development itself, because the abstraction of 40,000 sec. ft. does not increase the proportional cost of the development of the resources remaining.

St. Timothee Project. (Co-ordinated Project)

67. If the Beauharnois Company, in the development of 300,000 horse-power at Melocheville, could be induced to exchange power with the other companies now established in the section, an economical method to procedure, not otherwise possible, could be undertaken. This project would involve 200,000 horse-power of that developed at Melocheville, being used to care for the customers of the Cedar Rapids Power Company during the construction of a dam between Cedars and St. Timothee. It would mean that the initial development of 300,000 horse-power at Melocheville would be followed quickly by the development of 1,083,000 horse-power at St. Timothee, and 489,000 horse-power in a third stage at Cascades Island. This project will be referred to as the St. Timothee Project.

68. The first cost of this project is \$202,756,000, or \$121.30 per horse-power. To this would have to be added carrying charges of \$39,990,000 and equalizing charges of \$3,200,000, giving a total overall cost of \$245,946,000, or \$147.10 per horse-power. With such a project, the cost of future deep navigation works would be reduced to the extent of about \$7,000,000. This would be equivalent to \$4 per horse-power and give as good economic overall results as the Project recommended by the Joint Board of Engineers.

69. The carrying of the Cedars customers by the power plant at Melocheville would enable the Cedars head race to be used as a means for diverting almost the whole flow of the St. Lawrence river at that

point. This would enable a dam and power house to be built in a location not otherwise possible, and a high initial head would be secured in the upper stage of a river development. This, along with the power developed at Melocheville, will give 1,183,000 horse-power of new power when that at Melocheville is added, and that at Cedars is deducted. The total firm power developed when that at Cascades Island is added is 1,672,000 horse-power.

70. In this project, the drainage of the country on the north side of the river is cared for by the Soulanges Canal, and the drainage of that on the south side by the Old Beauharnois Canal, now leased by the Canadian Light, Heat and Power Company. The development at Cascades Island, when made, will reduce the head at Cedars from 52 to 36 ft. and will give 489,000 horse-power of new power. This project recovers 40,000 horse-power lost in the Project recommended by the Joint Board of Engineers. The cost given for this project, places the first stages namely 300,000 horse-power at Melocheville, at \$53,983,000. If the first stage were executed by use of a concrete lined canal, the cost would be \$48,500,000.

Full Diversion Project.

71. The Beauharnois Company's application suggests that all the power resources of the Soulanges Section might be developed by means of a progressively enlarged overland canal from Hungry Bay to Melocheville, the first stage of which would be the diversion and development of 40,000 c.f.s. at Melocheville. A project of this nature has been laid out according to the standards adopted. It has a capacity of 240,000 c.f.s. under winter conditions and in this way it is comparable to the other projects described above. It provides for a maximum velocity in winter of $2\frac{1}{4}$ ft. per second, exclusive of increase due to part of the section being occupied by ice cover. In the Hungry Bay-Melocheville route there is a stretch at the upper end and also a stretch at the lower end where hardpan and rock are encountered. At these points excavation should be done in the dry. In the central section of this route all the material to be removed is marine clay. This can be done by submarine methods and use of suction dredges. In order to set up such a project under uniform conditions, a plan has been prepared which proposes to execute power house substructure, hard excavation, and some embankments in three stages and the remaining part by progressive work to be done as power demands require. With this project proceeded with in this way, there would finally be three separate entry canals at the upper end. In the central portion, there would be a wide open channel 27 feet deep and 3,900 feet wide. At the lower there would be again three outlet canals, which connect with three power houses.

72. In this project it is assumed that each step would put 80,000 c.f.s. to use for power. It is also assumed that the Cedar Rapids plant would be out of commission at the beginning of the second stage. In this project care has been taken to establish the portion of work which has to be completed with each stage going into use, and in this way interest, carrying and equalization charges have been determined.

73. The first cost of this project when set up with marine clay at 35 cents per cu. yd. is \$233,875,000, or \$147 per horse-power. To this has to be added interest and carrying charges of \$40,950,000 and equalizing charges of \$7,387,000, making a total of \$282,212,000. This gives us an overall cost per horse-power of \$177.40. This cost is \$48,683,000 greater than the cost of improving the river by the project recommended by the Joint Board of Engineers. If executed, it would, however, permit a saving of about \$9,000,000 in navigation works. This reduces excess cost

to about \$39,000,000. If the unit prices used by the Joint Board of Engineers for excavation in this section has been fully adhered to, the initial cost of this project would have been increased from \$233,875,000 to \$264,785,000 and the overall cost a corresponding amount.

74. If, on the other hand, the unit prices are reduced below those used herein, both the initial capital cost, and the overall cost, would be reduced by a proportional amount. The Committee is of the opinion, however, from all the information at present available, that dependable estimates cannot be safely based upon unit costs below those herein used, and these show that this type of project is not economical as compared with the others analyzed herein. *Revised Projects.*

75. Since the report of the Joint Board of Engineers was prepared a few years ago, surveys have been extended, and additional borrowings have been made. This work was done with a view to improving some of the debatable features of the Ile aux Vaches Project.

76. Recent surveys of the Rouge River show that the area to be drained by the Soulanges Canal can be reduced to a point where it can be cared for without deepening that canal, or involving a danger from slides. It is found that some cross currents can be avoided in Lake St. Louis, by placing the power house at Cascades Point, north of the locks at that point, instead of south of it. In the present case, where power improvement and fourteen ft. navigation must be visualized first, and deep navigation works later, the separation of power and navigation canals below the Cedars pool, appears to be more flexible. A new Ile aux Vaches Project has been drawn up by the Department of Railways and Canals. It varies from the Ile aux Vaches Project, of the Joint Board only in some minor respects. Its cost is practically the same. It has double flight locks, instead of separated single locks, and can be compared with the Melocheville Project more easily than at first presented. The first cost of this project, designed for power and 14 ft. navigation, is \$180,009,000. The overall cost, when worked out, as in other projects, is \$233,529,000 or \$143.00 per H.P. In this project, heads and stages are as in the recommended project. This project meets conditions now facing the country somewhat better than the project recommended by the Joint Board of Engineers for the reasons about set out.

Summary Re-Power,

77. The following deductions may be drawn from the foregoing analysis of the various projects.

The 40,000 c.f.s. diversion might be authorized without adversely affecting the present power development for which the Federal Government is responsible, i.e., the Canadian Light, Heat & Power Company, the Provincial Light & Power Company, and the Montreal Cotton Company. There would be some adverse effect upon the plant of the Cedars Rapids Manufacturing & Power Company which derives its basic rights from the Provincial Government. The Committee considers that the protection of this Company's rights is primarily the responsibility of the Provincial Government.

78. With respect to the effect of the 40,000 c.f.s. diversion upon the future overall cost of the development of power, the Committee presents the following summarization of the comparative cost of developing various projects in this reach of the river.

1. The cost of developing power from a 40,000 c.f.s diversion by a canal capable of use by navigation, involves a first cost of \$179.90 per H.P. and an overall cost of \$213.00 per H.P., as

compared with a first cost of \$110.70 per H.P., and an overall cost of \$143.40 per H.P., by the Project of the International Board of Engineers.

- II. To proceed with the development of 40,000 c.f.s. at Melocheville and then develop the remaining resources by an Ile au Vaches Project, would bring about first costs of \$126.00 per H.P. and overall costs of \$159.60 per H.P.
- III. To proceed with the development of 40,000 c.f.s. at Melocheville linked up with the St. Timothee Project, which provides for co-ordination by exchange of power, would produce an average first cost of \$121.30 and an overall cost of \$147.10 per H.P.
- IV. The diversion and development of power at Melocheville by a power canal capable of use by navigation will reduce the cost of deep navigation works to the extent of about \$7,000,000 which is equivalent to about \$4.00 per H.P. when related to the cost of development of the river as a whole. This virtually reduces the figure of \$147.10 to \$143.10 per H.P. and makes the St. Timothee Project comparable with the Ile aux Vaches Project.

NOTE.—The new power to be developed in the section varies somewhat between projects, but, in general, may be taken at 1,632,000 H.P. for purposes of comparing schemes.

79. Interpreting the foregoing, the 40,000 c.f.s. diversion may, or may not, increase the cost of developing power in the Soulanges Section, depending upon whether or not this project stands by itself or becomes part of a co-ordinate project.

80. Briefly, the foregoing figures demonstrate that if the 40,000 c.f.s. diversion project is proceeded with as a separate project, and the remaining flow thereafter is developed in the river without reference to the first, the overall cost of such unco-ordinated development would be considerably higher (\$16,000,000 in round figures), than that of the Joint Board's recommended project.

81. Alternatively, the above figures demonstrate that the 40,000 c.f.s. diversion, *if it becomes the first stage of a co-ordinated Development*, which would develop the remaining flow in the river (the St. Timothee Project in the Committee's Report), the overall cost of this co-ordinated project would be as low as that of the Joint Board's recommended project. In other words, this latter alternative is as economical as that of the Joint Board's proposals.

Hon. Mr. MACKENZIE: I think this would be a good place to stop, Mr. Chairman.

The CHAIRMAN: Yes. We will adjourn now, Mr. White. It is one o'clock. We will resume at 2.30.

Committee adjourned at 1 p.m.

AFTERNOON SITTING

The Committee resumed.

Mr. WHITE: Mr. Chairman, I understand that the balance of the report is to be written into the record. I will now come to the conclusion, which is very short, and which I think at this stage I should bring orally to the attention of the committee.

I will read from page 23 at paragraph 82:—

82. From the foregoing analysis the committee presents its summary, with respect to the effect of a diversion on navigation present and future, as follows:—

83. The 40,000 c.f.s. diversion project can be authorized without injury to existing navigation, if the plans submitted are subject to modification and to regulations embodying the restrictions referred to in this report.

84. The 40,000 c.f.s. diversion from Lake St. Francis via the Hungry Bay-Melocheville route may be authorized without making deep water navigation via that route or any route developed to date more costly or difficult; provided suitable safeguarding regulations are imposed, and, assuming purely navigation works (locks, etc.) are paid for by navigation agencies.

85. Moreover, the works, or such modifications thereof, as may be required, if operated in a satisfactory manner, will not set up conditions at the head of Lake St. Louis which will delay the opening of 14-foot navigation at the beginning of each year, nor will water levels in Lake St. Louis, or in Montreal harbour be affected. If remedial works for preserving 14-foot navigation are operated as intended, the water levels at the head of Lake St. Francis where the International Boundary leaves the St. Lawrence will not be affected, and the provisions of the Boundary Waters Treaty of 1909 will not be violated.

86. To safeguard deep water navigation in the future suitable regulations should be imposed on any further scheme of development, which may come before the government for approval.

87. The development of power resources by separate agencies and unco-ordinated projects will slightly increase the difficulty of controlling, in the interest of navigation, the flow of the river past the section.

88. The Committee discussed the effect of a 40,000 c.f.s. diversion on power in paragraphs 54-76. Conclusions are found in paragraphs 77-81.

CONCLUSIONS

89. Having regard to the application under the Navigable Waters Protection Act, now under consideration, your committee are of the opinion that the site and works proposed in the plans and application filed by the said company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the company, and, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the said conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

Then, the conditions are set out in appendix 4 of the report, and I understand that this has been typed and copies are in the hands of the members of the committee and counsel.

Mr. STARR : Have any arrangements been made for us to get copies of these exhibits that have been filed?

The CHAIRMAN: The committee have copies.

Mr. MORIN: They are incorporated with the Order in Council.

Hon. Mr. MACKENZIE: There is that trouble which has been mentioned by Mr. Starr. It is somewhat difficult for every member of the committee to examine some of the exhibits, and I think that so far as the plans are concerned, it might be difficult to have copies of them, but the other exhibits should be supplied and counsel should have them too.

The CHAIRMAN: It would be a tremendous task.

Mr. STARR: I was thinking more of this engineers' report and the exhibits attached to that.

Mr. WHITE: I understood that 25 copies of the report had been made.

Mr. HUNTER: We have that report mimeographed, and we can make as many copies as you like.

The CHAIRMAN: Will you see, Mr. Hunter, that counsel engaged get copies as soon as possible.

Mr. WHITE: Mr. Morin will now proceed, with your permission, with the examination of Mr. McLachlan.

Hon. Mr. MACKENZIE: What will happen to these conditions?

Mr. WHITE: They had better be incorporated in the report.

APPENDIX IV

RECOMMENDED CONDITIONS

The regulations which might be attached to our approval of the Beauharnois Company's proposal are as follows:—

(1) In any question which may arise from the application of this approval the settlement thereof shall be governed by full recognition of the dominant interest of navigation and the necessity of reserving therefor all or any requisite part of the natural flow of the St. Lawrence River.

(2) The works approved, or which may hereafter be approved, or designed, or made, shall at no time raise the natural level of water in the River St. Lawrence above the International boundary, or in any way contravene the terms of the Boundary Waters Treaty of 1909, or the Treaty of Washington, 1871.

(3) The works approved, or any modifications therein, which may hereafter be made or approved, shall be operated in conformity with the requirements of navigation on the St. Lawrence River, and the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second.

(4) Notwithstanding the approval herein contained the Federal authority may at any time

(a) order any changes or modifications in or removal of or substitution for the works which may be constructed or in course of construction or proposed to be constructed by the Company pursuant to this approval, and

(b) at any time require the Company to construct and maintain such further or other works as the Federal authority may consider are required fully to preserve or restore and maintain the navigation on the St. Lawrence River, and may from time to time require the Company to make such changes or modifications in the said works or to remove the same or any part thereof, or to substitute other works in their stead, as it may in its judgment consider necessary for such purpose, and the Company shall comply with, observe and perform all such orders and requirements.

(5) The Company shall construct and maintain its canal so as to give a clear width of 600 feet, on the bottom, a depth of 27 feet at low stage, and so as to afford average velocities of not more than 2.25 feet per second under any conditions of operation.

The radius of curvature shall not be less than 5,000 feet and one embankment shall form the prism on the north side of the canal. The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the Standards of the International Joint Board of Engineers Report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

(6) Whenever the Federal authority so declares, the right of public navigation within and along the proposed canal to the same extent and in manner similar to that provided in the case of the New Welland Ship Canal shall thereafter exist and be recognized by the Company.

(7) Whenever the Federal authority shall decide to construct locks and appurtenant works to connect Lake St. Louis with the canal reach for navigation purposes, His Majesty shall have the right, by his servants or agents, to enter upon and use any part of the applicants' lands, buildings, property or works which may be required for the purposes of such construction, and for the operation and maintenance of such locks and appurtenant works when completed, and the applicants shall convey to His Majesty the King in the right of the Dominion of Canada, free of all cost or encumbrance, the title to the necessary land sufficient for the site of such locks and appurtenant works, and no claim for any indemnity whatsoever owing to loss or inconvenience to works, operations, installations or distribution of power will be made by the company arising out of the construction of temporary or permanent works by the Federal authority, either at the entry works, along the course of the stream, or at or below the proposed works.

(8) The Company shall provide, maintain, and operate, when required by and to the satisfaction of the Federal authority, all Aids to Navigation made necessary by the Company's works, and shall submit to all regulations in respect to the operation of the Company's works as may be promulgated by the Federal authority in the interest of navigation.

(9) The Company shall grant to the Federal authority sites for all aids to navigation other than those required by the preceding section which may be required for the provision of aids to navigation for the use and convenience of shipping using the canal, and shall keep and maintain such sites free and unobstructed as far as the Company may do so, and shall give the Federal authorities or their agents free and unobstructed access by land at all times to such sites, and the Company on demand by that authority shall provide and deliver to such authority at such point as it may designate adequate and suitable electric power for operating, repairing, lighting and otherwise maintaining the canal and appurtenant works at a rate not to exceed $\frac{1}{4}$ cents per kilowatt hour.

(10) The Company shall provide, operate, maintain and light all bridges over the canal to the satisfaction of the Federal authority.

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by Federal authority.

(12) No work in the St. Lawrence River shall be undertaken until a program of construction shall have been submitted to and approved by the appropriate Federal authority.

(13) The construction and operation of the works of the Company, as now or as may hereafter be approved, ordered, or required, shall be at the sole cost and expense of the Company and shall be subject to such further regulations as the Federal authority may from time to time deem necessary.

(14) The works shall be constructed by the Company subject to the approval of an Engineer or Engineers authorized for such purpose by the Federal authority and the decision of the said engineer shall be final and conclusive upon all questions that may arise in connection with such construction.

(15) The Federal authority, or its duly authorized representative, shall have full and free access at any and all times to the works of the Company and shall have free control of the operation of the compensating or regulating sluices wherever situated, shall have the right to measure the discharge of the various channels and passages, and to adjust the flow of water in the interest of navigation. The Company shall take and keep such records of the flow of the St. Lawrence River, or the waters thereof, as the Federal authority, or his representative, shall deem necessary, and shall calibrate or cause to be calibrated to the satisfaction of the Federal authority such turbines, penstocks, sluices, or other water passages, as the Federal authority may require, and shall furnish at such times and in such manner and in such form and based on ratings satisfactory to the Federal authority, certified copies of its records of flow and its records of operation.

(16) The Company shall furnish and deliver to the Federal authority immediately after the construction of the proposed works has been completed, such complete general and detail tracings of all parts of said works as actually built as may be required by the Federal authority, or his representative. These plans to give all dimensions, nature of material and other appurtenant information; shall be made on tracing linen and shall be provided with proper titles, headings and numbers.

(17) Should remedial works become necessary in the opinion of the Federal authority in the interest of navigation, because of surge conditions in the river below caused by the development of the Soulanges Section for Power, the Company will pay such proportionate cost of said works as may be required by the Federal authority.

(18) The Company shall not set up any claim

- (a) for damages or for loss of property should any remedial works built under this approval become an impediment to future improvement of the section and require removal, or
- (b) for damages should the works no longer be required for the purpose for which they were constructed and be put to other approved use.

(19) The Company shall provide gates in its power house of such capacity as will discharge 40,000 c.f.s. under the most adverse conditions of head and tail water level to be anticipated and to the satisfaction of the Federal authority.

Mr. STEWART: I notice that there are one or two changes between the conditions here and the conditions of the Order in Council.

Mr. WHITE: Yes.

Mr. STEWART: "Governor in Council" is substituted for "Federal authority" in two places, and "Federal authority" has been substituted for "Minister of Public Works"; and in 4 "Federal authority" has been changed

to "Minister of Public Works," In 5 "Federal authority" has been changed and B has been changed as well. The Minister has been substituted. No. 11 has been changed to "the Minister" from "Federal authority."

Hon. Mr. MACKENZIE: That is done all the way through.

Mr. STEWART: Governor in Council has been substituted.

Hon. Mr. MACKENZIE: Of course, you would not expect a committee of engineers to know what the proper Federal authority was.

The CHAIRMAN: Just who would know?

Hon. Mr. MACKENZIE: Nobody.

Mr. STEWART: It is an important point. I see that the lawyers have raised the question already. They were able to delegate the powers for the Governor in Council to the Minister.

Hon. Mr. MACKENZIE: That is a matter for argument.

Mr. STEWART: A Federal authority is used in these.

Hon. Mr. MACKENZIE: It is a nice constitutional point.

Mr. STEWART: In regard to the conclusions this report says, "your committee are of the opinion that the site and works proposed in the plans. . ." now, there has been an argument here between counsel regarding the meaning of the word "works," and I do not know whether they are going to allow me to ask what you understand by the word "works." If you will look at paragraph 89 you will see these words, "your committee are of the opinion that the site and works proposed in the plans and application filed by the said Company. . . ."

Mr. McLACHLAN: I understood that to mean the canal, the power house, the works at the foot of Lake St. Francis, and remedial works in the river that were necessary to develop the power from the 40,000 second feet diversion.

Mr. LENNOX: Would the development of the river itself be of any value without the work that is going on now, to the Beauharnois people?

Mr. McLACHLAN: No. The work in the river below Coteau Rapids is, of course, a liability which they have to perform in connection with the seven foot rapids navigation. It has really nothing to do finally with the development of the power.

Mr. LENNOX: Supposing they did not do this work, what would be the value of the St. Lawrence power to them?

Mr. McLACHLAN: Supposing they did not do the work in the river, do you mean?

Mr. WHITE: I think this is what Mr. Lennox wants to know: suppose the power project were not going on, would these remedial works that are spoken of in the plan be necessary at all?

Mr. McLACHLAN: Of course not.

Mr. LENNOX: That is not what I want. Mr. Montgomery said yesterday—or it may have been Mr. Hellmuth—that the reason no new plans were submitted for the approval of the department was because the work that was being done at the present time was being done on property owned by the company itself.

Mr. MONTGOMERY: Plans were submitted.

Mr. LENNOX: And the government were not interested in the work that is at present going on, and that the only time that it would be necessary to appeal to the government—to apply to the government—would be when you came to the inlet. I suppose, of the canal, and you would have to take your chance on that. What I wanted to know was, would the work on the river, after they come to the inlet, be of any value to the Beauharnois Company if it were not for the work they are doing to-day on their private property?

Mr. McLACHLAN: Certainly not. I would say not.

Mr. MONTGOMERY: The only correction I will make—and I will have a correction to make in regard to these plans—I have cleared up the question of that matter in the August 30 plans in that discussion we had about the general plans, and last night I had an opportunity of seeing the plan itself, and I am in a position to clear that up. You will understand that the application—the plans were forwarded to the Department of Public Works on July 29 and August 30. There was a question of holding up the works until they had been approved.

Mr. LENNOX: I was not so much interested in that as I was in the fact that you stated, or somebody stated, that it was none of the government's business what you were doing at the present time.

Mr. MONTGOMERY: I do not think it was quite as abrupt as that. We are working along very well with the government, and the changes that have been made in July and August are changes worked out along with the government engineers. The government have a resident engineer there constantly, and all these things are being worked out in cooperation between the two staffs of engineers.

Mr. LENNOX: My recollection is that the argument used yesterday was that the government had no right or no interest because their interest was confined to the Navigable Waters Protection Act and you had not reached that stage.

Mr. MONTGOMERY: What I understood from my learned friend's suggestion was that they had not reached the stage where the works, within the meanings of the Navigable Waters Act, were being performed.

Mr. HELLMUTH: That is what I intended to convey; that the works under the Navigable Waters Act were only the works that were being performed in the river itself, and that as to those, before we could do anything, we had to have the approval, and that that was the meaning of the word "works" in the document in question.

Mr. LENNOX: I think I must have misunderstood you, because I thought you went further than that. I thought you said the government had nothing to do with the work that was being done on private property.

Mr. HELLMUTH: They might make a condition in regard to what works should be done on private property before they would give the consent to the works that were being done in the river, and I was discussing—or intended to be discussing—the meaning of the word "works" that should not be done until the Plans have been filed under the Navigable Waters Protection Act.

Mr. LENNOX: Did you not discriminate between the works that are being done on the private property of the company and the works that were done in the river?

Mr. HELLMUTH: I did in this way, that the works that were being done in the river are works that are being done under the Navigation Protection Act, but the works that are being done on our own lands are not being done under that Act.

Mr. LENNOX: Do you say they are or are not part of the project?

Mr. HELLMUTH: You will find—of course the works that are being done on our own property are part of the Beauharnois project undoubtedly, but if you refer to the report of the proceedings on page 69 you will see my argument there.

Mr. LENNOX: You use these words at page 69 about line eight:—

"Now, it is quite true that the Governor in Council will have to approve of the plans of the proposed canal before it can be used as a navigable stream. There is no question about that, and we will have

to get that approval; but at the same time the works and the only works that the Governor in Council can deal with under Chapter 140 are the works which are proposed interfere, under section 4, with navigable streams, and that has not been attempted, nothing has been done in regard to that. We take our chances on having the Governor in Council approve of what we propose to substitute for the St. Lawrence river at that time. But at the same time, what we are doing on our own property.

The CHAIRMAN: Read the rest of it.

Mr. LENNOX:—

“Mr. JACOBS: You take your chance on the Minister approving the work you have done?”

Mr. HELLMUTH: Yes, and we are believing that the Governor in Council—the engineers inspecting it have not registered any complaints as to what we are doing, and we believe that we are not taking a very great chance. That is the position.

Mr. HELLMUTH: Yes, because all those works that we have been doing upon our own land were in accordance with the plans, modified, and in accordance with the suggestion that had been made from time to time by the engineers, who have been in the Public Works Department, and have been done in full accord with what they desire, and, therefore, as I said, I do not see that we were taking any chances at all because we were following these works in accordance with what the government engineers from time to time were suggesting.

Mr. LENNOX: The Chairman has asked me to read at the bottom of page 69:—

The CHAIRMAN: Mr. Hellmuth, do I understand you to take the position that at the present time the Beauharnois Company has not the approval of the Governor in Council?

Mr. HELLMUTH: It has not received the approval of the Governor in Council, has not received the approval of the Minister. We have received approval of the Governor in Council so far as our general plan is concerned of the Beauharnois Canal. We took the precaution at the time—

Now, let me ask you this question. Regarding the general plan that is followed, does that set out and contain the work that you are doing to-day?

Mr. HELLMUTH: I am so instructed.

Mr. LENNOX: It is part of the work set out in the plan that is filed, and approved, as has been alleged?

Mr. HELLMUTH: Approved by P.C. 422. If I make myself clear—Mr. Montgomery says he looked into that matter, and you will see when we get to the letters written in July of 1929 that while the words “general plan” are used, it is simply the other plan, the original general plan, with certain modifications, which, as we understood, were approved of at that time by the engineers, and it really consists of detailed plans. Now, if those plans—there were in August of 1930 other plans substituted which, again as I am instructed, we are following out, subject to the provision that is made in this P.C. 422 where the provision is made that there may be modifications from time to time of the plans, and the detailed plans show such modifications as were suggested—that there has been no new enlarged plan showing an entirely different work, or anything like that.

Mr. LENNOX: I do not think you appreciate what I have said. I do not care whether you call it a general plan or a detailed plan; what I am interested in is

to know whether the plan, general or detailed, as already filed and attached to P.C. 420 covers the work that you are at the present time doing, and have been doing on property that you claim belongs to the company.

Mr. HELLMUTH: Yes. As I said, with modifications.

Mr. LENNOX: Of course, we expect every counsel to have modifications.

Mr. HELLMUTH: You will understand, Mr. Lennox, that it is perfectly impossible with a general plan made like that. Now, one thing has been mentioned: for instance, where there is rock of a certain depth, where there is clay it may be of another depth. Now, if the general plan shows a position where it was supposed to be rock while the engineers when they went there found it was clay, there might be an enlargement of that plan where it was intended to be enlarged where there was clay.

Mr. LENNOX: Still you do not understand me. I am not interested in the widening of the canal or the striking of some rock. That is a matter that the engineers will have to deal with. What I am interested in is to know if the plan that is filed is in accordance with work that is going on to-day, along with the work that will be done in the St. Lawrence River?

Mr. HELLMUTH: I am so instructed.

The CHAIRMAN: I think there must have been a misunderstanding between the committee and Mr. Hellmuth and Mr. Montgomery and yourself yesterday. I have the impression that Mr. Lennox had, that no plan had yet been approved by the Governor in Council or the Minister that provided for the work that will become necessary to draw the water out of the river into this canal, and that you did not need that approval and did not intend to ask for it until you needed it, and that you were dividing the operation into work done on your own property for which, as you say it is your right, you do not need approval, and the work that would directly affect navigation for which you undoubtedly would need approval. Then, down further on page 70 I put it this way to you. You are answering Mr. Jacobs' question:—

Mr. JACOBS: Mr. Hunter says they are substantially the same.

Mr. HELLMUTH: Yes. I merely wanted to say that so the committee would think that we were assenting in, in all events, to my friend, Mr. White's view in this matter. I merely want to put that before the committee.

The CHAIRMAN: You, if I understand you correctly, take the further position that the work presently carried on is—let me put it this way—it is divisible between navigation, and work on the site—

In other words, for the purpose of getting approval of the plan you do not need any approval for the work on the site, but you do need approval for the work when it comes to interfere with navigation. That is the impression I got yesterday; and the question that arises in my mind is this: if the site and the navigation end of it are deemed to be divisible in this case, when you turn to the financing of the project it was not divisible at all; the whole thing went in as a comprehensive work that was going to be carried on. I think there must have been a misunderstanding yesterday.

Mr. HELLMUTH: Yes, perhaps so. But you see if you look at the beginning of that, it was all dealing with the Act in respect of the protection of navigation, and I was endeavouring to point out the difference between those works and the works on our own land.

The CHAIRMAN: Mr. Montgomery agreed with your contention yesterday.

Mr. LENNOX: At page 67, Mr. Montgomery says:—

“No one is contending—

just before that Mr. White said, "my friend is putting a wrong interpretation on the Order in Council, I am afraid." Article 12 says: "No work in the St. Lawrence River shall be undertaken until a program of construction shall have been submitted to and approved by the Minister."

Then Mr. Montgomery says: "No one is contending anything to the contrary, Mr. White. There is common ground between us. We have filed these plans for approval, but until we do something interfering with navigation, surely the department has nothing to do with what we are doing on our own private ground."

The CHAIRMAN: So, we were all, I think, probably labouring under a misapprehension.

Mr. HELLMUTH: You will see that in another place it is stated that there was no doubt about it that the government could impose certain conditions upon us. Before we would be entitled to claim the right to go into the river and do any work there they could say—

The CHAIRMAN: This is Mr. Montgomery answering Mr. White, and the answer is so clear that it is scarcely capable of misinterpretation; and if Mr. Montgomery's contention of yesterday is correct, that this work is divisible, then, of course, I will have to ask someone to explain why the financing was not divisible, because I imagine you would have some difficulty raising all that money on your private property with the work you are doing there at the present time.

Mr. HELLMUTH: Unless we got the ultimate right to divert the water in it.

THE CHAIRMAN: Unless the pious hope became a reality.

Mr. WHITE: May I point this out so that my view of it may be present in the minds of the committee and counsel. When my learned friend, Mr. Hellmuth, contends that under the Navigation Water Protection Act the works referred to are only those in the river, surely he must not have had in mind that this project involves the withdrawal from the river of 40,000 cubic second feet which does affect navigation, and which, from a navigation standpoint under the Act, the Federal Government would have the right to approve or disapprove of the means by which it is proposed to divert that water. That has been recognized from the first. For that reason the approval of the Governor in Council was obtained to the general plan by which the actual physical diversion was to be got.

Hon. Mr. MACKENZIE: The whole confusion has arisen from the different interpretation of the word "work" or "works"; one being the interpretation of the word "work" in section 2, subsection B of the Navigation Waters Protection Act, and the other being the general interpretation of the whole project as "works." I think that is the whole difference in the argument.

Mr. WHITE: But the fact is that not only would the Governor in Council have the right to approve or disapprove of the manner in which the 40,000 cubic feet was got, but of the works that are devised for the purpose of extracting, and that consent as a fact, whether necessary or not, was obtained to the general plan filed showing how this ditch was to be dug, and its dimensions.

Mr. LENNOX: Take this map with the Canadian Light and Power Company, which creates power for them, in the centre, could it be contended that if you started that in the St. Lawrence river that until you got to the canal it would not come under the Navigation Waters Protection Act?

Mr. MONTGOMERY: I presume that if a person had a farm there between the canal and the river at that point, he could go ahead and do anything he wanted. He could not do anything that would affect navigation until he got the approval of the Governor in Council. Up until that time he could dig the whole farm out.

Mr. LENNOX: The man could dig his ditch to the canal as long as he did not enter the canal himself; but would his position be the same if he had made application to the government and got a charter and approval of plans which included that ditch; would his position be the same?

Mr. MONTGOMERY: If the ditch were an essential part of the work and he went ahead without complying with some condition, he certainly would not be able to make his opening between the canal and the river until such time as he complied with that condition. Theoretically, perhaps, he might find himself in the position of having dug his ditch in vain.

Mr. LENNOX: I think Mr. Stewart's question of what works were included will have a good deal of bearing.

Mr. STEWART: I was asking about "works" in paragraph 89 which brings about the conclusions. I want to know what that Board of Engineers understood by "works."

Mr. MONTGOMERY: Mr. McLachlan has given his answer to that.

Mr. STEWART: Would it be all right to ask what the Board of Engineers understood by "works" in condition 11 here—in the conditions we have put in Appendix IV? What are the works referred to there according to the engineers?

Mr. MONTGOMERY: Whatever interpretation Mr. McLachlan would give, one would have to decide as to what chance, if any, the company took in going ahead without first waiting for that approval for which they had applied.

Mr. STEWART: My point is this: that his Board of Engineers imposed on the Governor in Council and on the Beauharnois people certain conditions. Now, what did they refer to when they said "works" in clause 11? What did they mean? That is the ordinary layman's way of asking a question.

Mr. MONTGOMERY: Mr. McLachlan, as far as he is concerned, has answered that question.

Mr. STEWART: I would like to ask Mr. McLachlan that question.

Mr. McLACHLAN: Clause 11 of the conditions in our report reads as follows: "The Company shall not commence the construction of works until detailed plans of construction and all necessary information respecting the said works have been submitted and approved by the Federal authorities." I understood that to mean that they would not start to work on anything—the canal or the banks or the power house or the works in the river—until they had submitted the detailed plans and had approval.

Mr. MONTGOMERY: Might I ask Mr. McLachlan a question? That is not in your department, is it?

Mr. McLACHLAN: Well, of course, in writing this report as you know, we co-operated with the sub-committee.

Mr. MONTGOMERY: I am not talking about the report; I am talking about the approval.

Mr. McLACHLAN: As to where jurisdiction should lie in one case and in another, I have made quite a study of that.

Mr. MONTGOMERY: Does not Paragraph 11 tell you?

Mr. McLACHLAN: I will tell you what I conceive to be the intention of the government at the time they separated the Department of Railways and Canals from the Department of Public Works. It was to vest in the Department of Public Works those sections which had to do with those rapids and navigation, and to vest in the Department of Railways those sections that were likely to become a part of the through deep navigation scheme.

Mr. MONTGOMERY: You are interpreting the statute.

Mr. McLACHLAN: Of course. You asked me to interpret it.

Mr. MONTGOMERY: Oh, no, I did not.

Mr. GARDINER: In view of the fact that there is a possibility of this becoming a navigation canal, would you not think that works as included here would include the whole of the works, not only of the river, but the canal itself?

Mr. McLACHLAN: I do not believe, as representing the Department of Railways and Canals, which has to do with canals, that I really have any real necessity for interfering in the design of the works through Cedar Rapids, through Split Rock Rapids and Cascades Rapids, because that is not in a level where there will be any canal navigation or deep water navigation. I do not think it would fall to me as representing Canada on this International Joint Board of Engineers, nor fall to me as engineer representing the Department of Railways and Canals, which has only to do with through canal navigation; but I assisted Mr. Cameron on request of the Department of Public Works, in indicating to Mr. Cameron, and also to the companies engineers, what form of work in those rapids would compensate in a satisfactory manner for the diversion, and in anything I have done in assisting Mr. Cameron up to date, I have not attempted to differentiate between the jurisdiction of one department and the jurisdiction of another.

The CHAIRMAN: I do not think that is important anyway.

Hon. Mr. MACKENZIE: I again repeat that I would like to have the opinion of the other three engineers, because I think it is very much better than to have just the one interpretation. I think we should have the interpretation of the other three.

Mr. LENNOX: I stated that, Mr. Mackenzie.

Hon. Mr. MACKENZIE: I mean, if I sign a document and others with me and you have my interpretation, that may not be the same as Mr. McLachlan's evidence.

Mr. LENNOX: It is not fair to ask one engineer without having the others here too.

Mr. WHITE: As Mr. Morin points out to me, it has given me the idea which, to my mind at least, concludes the matter when he asks me if it is not a fact that this work that is being done at present by the Beauharnois Corporation is not being done under contract by the Dominion government. They have an agreement saying how the work shall be done, what shall be done; how can it be argued that that is not part of the work in the face of their own bargain with the government.

Mr. MONTGOMERY: Why, Mr. White, the Governor General himself set off the first blast.

Hon. Mr. MACKENZIE: Personally, my opinion of it is that I would like to have the opinion of the technical officers acting for the Governor in Council who drew up this report to see what they meant by the word "works." I think there is a very large diversion of opinion as to whether you are bound by section 2 or bound by the general description of the entire work.

Mr. LENNOX: That is fair.

Mr. WHITE: Eminently fair. There is no room for argument at all. The thought that was in my mind though is this, that when one comes to the Governor in Council for approval of the works which the withdrawal from the river—because that is all this is—of 40,000 cubic second feet make necessary, to say that the only thing the government has to do is to approve of the works which are actually in the river itself and not the means by which it should be—

Mr. MONTGOMERY: No-one argues that at all.

Mr. STEWART: I got that opinion.

Mr. HELLMUTH: I never intended to argue, because I made it quite clear that the Governor in Council had the power and the right to impose any condition.

Mr. LENNOX: Listen to this: "Surely the department has nothing to do with what we are doing on our own private property". Those are Mr. Montgomery's words.

Mr. MORIN: You are building a navigation canal for the government. Surely the government should have something to say about it.

Mr. JACOBS: The government engineers must be doing something down there. They must be there for some purpose.

Mr. MONTGOMERY: They are in close daily co-operation with all these things and working out the best scheme for these works. They have a resident engineer on the ground, and everything that is being done is being done with the utmost co-operation.

Mr. JACOBS: And their salaries are paid by the Dominion government.

Mr. MONTGOMERY: Precisely.

Mr. JACOBS: They are employees of the Dominion government.

Mr. MONTGOMERY: Oh, yes. Absolutely.

Mr. WHITE: And those files are full of their reports showing the progress of the work.

Mr. MONTGOMERY: It is a very technical objection which my friend is taking because, as a matter of fact, the object and intent of this order in council is being fully carried out, whatever interpretation might be put on section 11, that is, everything that is being done is being done with the approval of the Department under the supervision of its engineers.

Hon. Mr. MACKENZIE: The question comes down to this after Mr. McLachlan's reply: Did your company have the right or the authority to commence the development of any work at all on your own private property under P.C. 422 until the detail plans referred to in the order in council were approved by the Governor in Council? That is the point that I am not clear in my mind about yet.

Mr. MONTGOMERY: The question you are asking is a highly technical one anyway. There is no doubt about it that there is the fullest co-operation between the Department of Public Works and the company in the carrying out of this work. I have no doubt, as expressed in the report itself, a lot of this work is bound to be experimental.

Hon. Mr. MACKENZIE: But you would not contend for a second that from the date of commencing operations on your canal that it was one authorized by the government that might affect navigation,—and that is bound to be the case when completed.

Mr. WHITE: And part of the characterization of my learned friend of my objection as technical,—and may I point out that I am not making any objection; the objection is coming entirely from the other side.

Hon. Mr. MACKENZIE: We are trying to clarify the situation, Mr. White.

The CHAIRMAN: I think we have got it all straightened out now. This is a comprehensive scheme, part of which has been approved and part of which has not.

Mr. STEWART: Are there just 19 conditions in that report.

The WITNESS: There are 19 in the report which we signed, sir.

By Mr. White:

Q. That is, the committee of engineers.—A. Yes.

Mr. WHITE: Just before Mr. Morin proceeds, if I might interrupt once more, you will recall that yesterday there was asked for from the Secretary of State a copy of the application for the Charter of the Beauharnois Power Corporation Limited. I have that now under the seal of the Department and the signature of the Under-Secretary of State, Mr. Mulvey. That will be Exhibit No. 30:—

I hereby certify that the annexed document is a true and correct copy of the application for incorporation of Beauharnois Power Corporation Limited filed in the Department of the Secretary of State of Canada by Messrs. McGiverin, Hayden & Ebbs, Barristers, Ottawa, on the seventeenth day of September, One thousand Nine hundred and twenty-nine.

Given under my hand at Ottawa, this twenty-sixth day of June, One thousand nine hundred and thirty-one.

THOMAS MULVEY,
Under-Secretary of State.

I just want to call the attention of the committee to paragraph 1 of the purposes for which incorporation is sought, and that throws just a little light on the subject which we have been discussing.

To develop, promote the development of, operate and turn to account.

Sir EUGENE Fiset: What is the date of that.

Mr. WHITE: The application was filed on the 17th September, 1929.

Hon. Mr. MACKENZIE: A Dominion incorporation.

Mr. WHITE: Yes, an application under the Dominion Companies Act.

Hon. Mr. MACKENZIE: What are the main purposes of incorporation, are they specified there.

Mr. WHITE: Yes, they are very long.

Hon. Mr. MACKENZIE: Any reference to power development there.

Mr. WHITE: Oh, yes:

To develop, promote the development of, operate and turn to account natural resources and to investigate, promote, acquire. . . .

Mr. LENNOX: It does not convey a whole lot to me.

Hon. Mr. MACKENZIE: The point I want to make is this: Did the company in its application for a charter from the Dominion recognize any right on the part of the Dominion to power.

Mr. WHITE:

To develop, promote the development of, operate and turn to account natural resources and to investigate, promote, acquire, organize, re-organize, develop control, carry on, administer, operate and dispose of all such undertakings, enterprises, and properties of every kind as may be useful for or in connection therewith including the development, production, use, distribution, or disposal of energy, power, light or heat, and to take part in the management, supervision or control of the businesses, operations or undertakings of any corporations, syndicates, associations, partnerships, firms or individuals carrying on or authorized to carry on or having any interest in any such undertakings, enterprises or properties and for that purpose to appoint and remunerate any directors, accountants, or other experts or agents and to investigate and examine, and to employ experts to investigate and to examine into the conditions, prospects, value, character and circumstances of any undertakings and generally of any assets, property or rights.

Mr. MONTGOMERY: Probably one of Palmer's clauses.

Hon. Mr. MACKENZIE: May I clear up this one point, the charter, that is the charter of the Beauharnois Power Co.

The CHAIRMAN: The application.

Hon. Mr. MACKENZIE: Not the Beauharnois Light Heat & Power Company.

Mr. WHITE: The Power Company was incorporated under an Act of the province of Quebec and amended by a subsequent Act both of which are on file with the committee.

The CHAIRMAN: That application has been marked Exhibit No. 30.

By Mr. Morin:

Q. I understand, Mr. McLachlan, that after making this report you had something more to do about this project?—A. Yes, sir.

Q. And in September, 1930, you were requested by your Minister—and we have the letter in the record—to go and make a survey of those works and to prepare to report.—A. Yes, sir.

Q. Did you go alone or were you assisted by other engineers?—A. That is, September, 1930?

Q. Yes.—A. Yes. I was requested by the Minister of Railways and Canals to call together members of the Joint Board of Engineers, Canadian Section, and proceed to an examination of those works and report as to how they would affect,—I think I should read the letter.

Q. We had the letter yesterday. So you went over the property with two other engineers, members of the Canadian Section of the Joint Board of Engineers?—A. Yes, sir.

Q. They are Mr. Lefebvre and General Mitchell?—A. Mr. Lefebvre, the Chief Engineer of the Quebec Streams Commission, an employee of the province of Quebec, and General C. H. Mitchell, Dean of the Faculty of applied science, of Toronto University.

Q. And at that time, I suppose, the Beauharnois Company was working at this canal?—A. Yes, sir.

Q. Now, you have prepared this report?—A. Yes, sir.

Mr. MORIN: It might be interesting to the committee to have the report, if it can be produced.

The CHAIRMAN: Oh, yes. We want to see that report.

Mr. MORIN: This report was handed over to the Prime Minister. It is a confidential document, prepared by a public officer.

Hon. Mr. MACKENZIE: Has the Prime Minister any objection to producing it?

Mr. WHITE: He did object in the House.

Mr. MORIN: In the House its production was objected to.

Mr. STEWART: On May 19th, when Mr. Gardiner made his speech.

Mr. WHITE: I believe it might be advisable to ask the Prime Minister before the report is presented.

By Mr. Morin:

Q. So that you have made a study of the way they were proceeding with this work.—A. Yes, sir.

Q. And when you went over the ground in September or October, 1930,—will you tell us if you found something different, comparing the actual plans on which they are operating and the plans which were submitted and annexed to order in council P.C. 422.

Mr. CANNON: The committee has not yet given its decision as to whether the report has been introduced.

Mr. MORIN: I am not mentioning the report at all.

Mr. CANNON: The committee has not as yet given its decision whether the report should be produced or not. I understand that the Prime Minister is to be conferred with. Well now, would it be the proper procedure at this time to have Mr. McLachlan, as a witness, examined on what might be contained in the report? It might be an indirect way of putting before the committee what the committee has not yet decided should be produced or not.

Mr. MORIN: Well, I am simply after the facts, what Mr. McLachlan or any other engineer can tell us.

Mr. JACOBS: We had better suspend this line of evidence until we hear what the Prime Minister has to say.

Hon. Mr. MACKENZIE: If the report cannot be produced no reference to it should be made. I think the point raised is very well taken. I do not believe Mr. McLachlan can properly refer to his investigation until the committee decides that this report can be produced before this committee.

Mr. MORIN: Well, I cannot go any further.

Hon. Mr. MACKENZIE: Well, Mr. White always is able to go ahead with something else, I am sure.

By Mr. Morin:

Q. Do you know, Mr. McLachlan, if in your department there is any approval of the opening of the dyke at the intake of the canal.—A. I had that record looked up, but I find that the Beauharnois Company did apply for permission to cut through the dyke. I would have to look it up to give you the time, sometime ago, but that permission has not yet been granted.

Mr. WHITE: I should think it is important to know the date of the application.

By Hon. Mr. Mackenzie:

Q. Was that application to the Department of Railways and Canals?—

A. Yes. I will have to get that record for you.

The CHAIRMAN: Don't go for that record now, Mr. McLachlan.

By the Chairman:

Q. Does not order in council No. 422, with the plans that were attached to it, contemplate the opening of the dyke? Why did they come back after that and ask for supplementary powers or approval to open the dyke if they had that when the first plans were approved of by P.C. 422.—A. That I do not know. I do not know that I have answered that question correctly. I would have to think for a moment. I doubt if that would be the case. I would think they would have to get title to the land especially outside the navigation canal. I do not know. I cannot answer that question anyway.

Mr. WHITE: May I suggest, Mr. Chairman, that there might be two reasons. First that the Dominion claims title to the actual land upon which the dyke is situated, and that before the company could go upon that land they might want to acquire title, or secure leave and licence to permit their so doing so they would not be trespassers upon government property. The second reason is that I imagine the original general plan did not show in detailed manner the way in which the dyke was proposed to be opened and as to whether there were safeguards sufficient for the protection of the balance of the dyke. There might be some question like that involved which would require the protection of the Department.

The CHAIRMAN: Turn to P.C. 422, page 6, amending of application. You will remember that the first application was not satisfactory and an amended application was put in reading as follows:—

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government, involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration.

* The CHAIRMAN: Now, is not that comprehensive? How could they possibly develop power unless they had the right to break through the dyke and let the water through the ditch?

Mr. MONTGOMERY: The matter can be quite easily cleared up by the letters referred to. What they applied for really was the purchase of the rights to the land occupied by that dyke. They acquired the right under the approval to acquire title to that portion of the land.

The CHAIRMAN: Then what is meant is that the company had to get a deed from the government of the land itself.

Mr. MONTGOMERY: That is right.

The CHAIRMAN: Although the application appears to be broad enough to permit the company to go ahead and cut through the dyke.

Mr. MONTGOMERY: It does so far as the Public Works are concerned. Then they had to get the title from the Department of Railways and Canals, the same as any other party. The letter is dated July 29, 1929:—

MONTREAL, July 29, 1929.

The Secretary,
Department of Railways & Canals,
Ottawa, Ont.

Application by Beauharnois Light, Heat and Power Company for the purchase of a Part of Hungry Bay Dyke now owned by the Department of Railways and Canals, Canada.

SIR,—The Beauharnois Light, Heat and Power Company desires to make application for a certain part of the dyke on the south shore of Lake St. Francis, known as "Hungry Bay Dyke," Lot No. 340 of the Parish of Ste. Cecile, county of Beauharnois, now owned by the Department of Railways and Canals of Canada. The attached description and plan No. 291-9-9, signed by Mr. Arthur W. Sullivan, Q.L.S., indicates in detail the limits of the property required by the company for the construction of the intake to a canal to be built in accordance with an emphyteutic lease from the Government of Quebec dated June 23, 1928, and a Dominion Order in Council dated March 8, 1929 (P.C. 422). The detailed plans and information submitted to the Minister of Public Works, in pursuance of Condition No. 11 of the said Order in Council, show the salient features of the proposed canal.

The Company now holds under lease from the province of Quebec the deep water lot forming part of the bed of Lake St. Francis immediately in front of that part of Hungry Bay Dyke which is the subject of

this application. The Company also has under option all those lots immediately behind Hungry Bay Dyke in which will be excavated the intake of the proposed canal.

We have the honour to be, sir, your obedient servants,

BEAUHARNOIS LIGHT, HEAT AND POWER COMPANY.

(Signed) R. O. SWEEZEY, *President*.

HUGH B. GRIFFITH, *Secretary*.

July 30, 1929.

SIR,—I have to acknowledge the receipts of your letter of the 29th instant, making application for the purchase of a certain part of Hungry Bay Dyke on the north shore of Lake St. Francis, known as "Hungry Bay Dyke," Lot No. 340, of the Parish of Ste. Cecile, county of Beauharnois, P.Q.

I am, sir, your obedient servant,

J. W. PUGSLEY,
Secretary.

The Secretary,

Beauharnois Light, Heat and Power Company,
1117 St. Catherine St. W., Montreal, Que.

By Mr. Morin:

Q. Mr. McLachlan, will you kindly tell me if there is any navigation near the intake of this channel on Lake St. Francis.

Mr. WHITE: Which channel?

By Mr. Morin:

Q. Near the canal.—A. There is nothing but ordinary rowboat navigation.

Q. No trade navigation.—A. No trade navigation.

By Hon. Mr. Mackenzie:

Q. Where is that, Mr. McLachlan—A. I say there is nothing but rowboat navigation near the intake of the Power Canal. The 14-foot navigation passes down the north side of Lake St. Francis and down the St. Lawrence canal. The rapids navigation passes through the swing bridge which is at the north end of the railway bridge at Coteau Landing. It passes on down the river at that point. Then there is navigation into Valleyfield which has a harbour with developed wharves and it goes in and goes out. That is the only navigation outside of rowboat navigation.

By Mr. Morin:

Q. Gasoline launches.—A. Yes, gasoline launches.

By Mr. White:

Q. What do you mean when you say rowboat navigation?—A. I mean small boat navigation.

By Mr. Morin:

Q. Now, according to the plans annexed to order in council 422, do those plans show any work to be done in the St. Lawrence river near the entrance to the canal.—A. Yes, they show the excavation of a channel 600 feet wide out into the river a little distance.

Q. But just excavation work, no piers.—A. Just excavation work, that is all. That is correct, sir. The excavation goes out about 2,000 feet into the lake for a width of 600 feet.

Mr. WHITE: Mr. Mackenzie is not quite satisfied. He wants to know whether the only work is the excavation. Is that what you mean at that point.

The WITNESS: Yes, at that point.

By Sir Eugene Fiset:

Q. The general plan shows only the excavation.—A. Yes.

Q. But the ten other plans attached to the general plan, do they show any detail work as mentioned by Mr. Morin.—A. The detail plans that have since come in?

Q. No, no, attached to the order in council.

By Hon. Mr. Mackenzie:

Q. Attached to P.C. 422. You have twelve exhibits there.—A. Do they show any work?

By Sir Eugene Fiset:

Q. Any detail work, as explained by Mr. Morin in his question.—A. No, nothing more than the general plan shows.

By Mr. Morin:

Q. There is nothing to be done there in connection with this work except excavation.—A. Yes.

Q. Now, look at this plan before the committee and compare it with the general plan annexed to order in council P.C. 422, and tell me if the intake of the canal is at the same place now as it appears on the general plan annexed to the order in council.—A. No. The intake is moved about 3,000 feet north from where it was shown on the original plan.

Q. So the company has changed the intake of the canal 3,000 feet.—A. Yes, the company has changed it. I can show you the amount of that change if you wish. The original intake was on a straight line covering about the territory covered by the ruler (indicating on plan). Now, it is turned in that direction (indicating). It is moved along the shore over 3,000 feet.

Q. Now, is the condition of navigation worse with the actual plan than with the original plan attached to the order in council.—A. I interpret it as being so.

Q. This is most important.—A. I interpret it as being so.

Q. If so, please explain.—A. The reason I take that position is this: The water flowing out of Lake St. Francis down the river converges through the Coteau Bridge. As a consequence the water flowing out of Hungry Bay, which is the southerly half of Lake St. Francis, as shown on the map on the wall, travels at an angle of about 45 degrees off the shore out say a mile from that shore, and as it gets close to the shore, of course, it is parallel to it. The plan of the deep waterway project from Lake St. Francis to Lake St. Louis will, of course, require the excavation of a channel from about two miles out in the lake right into the entrance. Navigation through that channel will have to be made along a line which will be about 45 degrees to the current, and the natural depth will be about 20 feet, so that a boat drawing 25 feet will have its keel five feet below the natural depth of the lake. Now, originally when the Beauharnois project was approved, that channel was further upstream, and as the power to be drawn was drawn further up the lake where it is naturally more still, conditions would be better under that project than they will be under the proposal.

I might also mention, as a matter of history, the old Beauharnois canal was abandoned in 1890, and the Soulanges canal location was built on the north side of the river largely on account of the difficulty said to be encountered in going into the old Beauharnois canal. I do not know that that is very important evidence to give, but it is an indication that it is always a cardinal principle in navigation that a boat cannot travel in a narrow channel and at the same time negotiate cross currents. You can only cross current very gradually in navigation. The channels to permit of free navigation must be as much as possible along the line of the natural current in the river. That is quite a difficulty to be met with in the change that has been made in the plans.

Q. Is it a serious question?—A. Well, it is serious enough for me to feel that some change ought to be made to mitigate conditions, otherwise I am sure we will have trouble both in using the waterway we have built under those conditions and in satisfying the American engineers when they come to approve of what we propose to do in Canadian territory.

Q. And this change was never approved?—A. This change was never approved.

By Sir Eugene Fiset:

Q. Was it made with the knowledge of the engineers of the Department?—A. This change was incorporated in the detailed plans that were submitted I think on May 7th, 1929.

Hon. Mr. MACKENZIE: July 1929, is it not.

The WITNESS: My impression is that they came in earlier than that.

Mr. MONTGOMERY: May 7th, is the date of the plans.

The WITNESS: In any case, when I met the engineers of the Beauharnois Company in my office, along with the other members of the committee who were passing upon these plans, and who wrote this report that was read to-day I pointed out the change and the disadvantage that it was going to be to navigation. I did that verbally.

By Mr. Morin:

Q. Now, will you take up those plans annexed to the order in council and show to the committee the difference between these two plans, the actual plans on which the work is being done and the original plans?—A. Could I use this plan which is a copy of the plan annexed to the order in council?

Mr. WHITE: Well, if it is a copy.

The WITNESS: It is a copy, as near as I could make it in our office.

By Hon. Mr. Mackenzie:

Q. In what direction does the current flow at the present intake of the proposed plan, is it straight north?—A. Straight north, yes, at about seven-tenths of a lineal foot per second.

By Mr. Lennox:

Q. You say that there is a change and it affects conditions. Could you tell us in a word how the conditions are affected by reason of the change?—A. The cross-currents are intensified, the cross-currents are increased.

By Hon. Mr. Mackenzie:

Q. You strike the current at a more acute angle?—A. Yes, and the magnitude of the current is increased.

Q. By the acuteness of the angle?—A. Well, by the movement—

By Mr. White:

Q. By the greater nearness of the rapids?—A. Yes.

Q. 3,000 feet further back the current would not be flowing as fast when you get to the rapids?—A. If I can get someone to hold this up for me I will describe the changes they have made, or I can do it on the plan that is on the wall. The plans attached to the original order in council showed those banks 4,100 feet apart, about a mile below Hungry Bay to the power house. The banks as being built are 3,300 feet apart. The width of the canal has been reduced to the extent of about 700 feet, I think. At the upper end the original plan showed a canal 1,100 feet wide, I think. That extended for about a mile or a mile and a half from the shore of the lake. The plans are now changed by making that section of the canal 3,300 feet wide which is an increase in width of about 2,200 feet throughout that length. There is another considerable change in the details of the work. The original plan showed embankments—

By Mr. Morin:

Q. I would like you to stay at the intake of the canal now. Could you show me the original plan annexed to the order in council so that we can show the change that was made. That was the original plan of the intake?—A. Yes, sir.

Q. And you say there is 3,000 feet.—A. Northward and downstream.

Q. Well, you have something to do to protect the current on the St. Lawrence?—A. I have studied the matter and I have proposed a solution for the difficulty which, of course, we have incorporated in the report which we have made to the Prime Minister and which I understand I am not to reveal at the moment, so I cannot describe what we have to do to counteract.

Q. Do you know the reason why the company did that?—A. The company shifted their canal in order to get away from some rock which they would have had to encountered of shallow depth in their undertaking. The rock, for some distance south or easterly from Hungry Bay, is close to the grade level of the canal, and they would have had to excavate a little rock if they had stuck to the original location instead of the softer material which they are able to get away with in the present location. They did that to cheapen their construction.

Mr. MORIN: You will file this plan, Mr. McLachlan, as exhibit No. 31. I think I will have to wait until we can get an answer about this report.

The CHAIRMAN: Try to get on with something else. The Prime Minister is speaking in the House of Commons at the moment.

By Mr. Morin:

Q. Now, Mr. McLachlan, I understand that no plans for remedial works have as yet been submitted to the department for approval.

Mr. MONTGOMERY: Which department now?

Mr. MORIN: The Department of Public Works for approval.

Hon. Mr. MACKENZIE: He is not in the Department of Public Works. He does not know.

Mr. MORIN: I suppose it is admitted.

Hon. Mr. MACKENZIE: Ask Mr. Hunter that.

Mr. MORIN: It is a preliminary question. He told us there were no plans.

Hon. Mr. MACKENZIE: That is alright then.

Mr. MORIN: I am going to ask him another question based on that assumption.

Hon. Mr. MACKENZIE: He cannot tell you what the Public Works Department got.

By Mr. Morin:

Q. Do the plans for remedial works to be built in the St. Lawrence river have anything to do with the quantity of the diversion of the water?—A. Oh, yes, they have.

Q. They do. Will you please explain to the committee?—A. According to my view of the form these remedial works should take, if I were passing these remedial works I would have to know in advance what the diversion was that was to be compensated for.

According to my view of the form these remedial works should take, if I were designing these remedial works, I would have then to know what the diversion was which was to be compensated for; because, though that may not be an absolutely rigid and fixed rule that you must know the diversion before you can design the remedial works, you certainly must know the diversion before you can design them economically.

By the Chairman:

Q. What you mean is the total diversion?—A. You must design your remedial works for a set diversion.

Q. You know it was 40,000 feet?—A. Yes, there is a best way to design the works for 40,000; but if it was to be 100,000, you would have to design the works for that.

Q. Who suggested it was to be 100,000?—A. That is what I suggested in my answer. There has been a suggestion for 53.

Q. There is something more than a suggestion for 53,—that has been a fact?—A. Yes.

Q. So that your remedial works of necessity would be designed for a 53,000 feet second?—A. If that is to be the design there is no difficulty to design remedial works. But it would be foolish to design remedial works, for 53,000, if a year afterward somebody made it 100,000.

By Hon. Mr. Mackenzie:

Q. That would be a good reason for withholding the design?—A. I think a very good reason.

By Sir Eugene Fiset:

Q. When this diversion at the end of the Canal was embodied, in what plans were they embodied, in what general plans, the plans submitted in 1929 or the plans submitted in 1930 with the full approval of the Engineers of the Public Works, do you know?—A. The plans that were submitted with the original application showed the centre line of the Canal and showed a varying width.

Sir EUGENE FISET: I know that.

Mr. HELLMUTH: We cannot hear the witness.

The WITNESS: I was saying that the plans submitted with the application showed the centre line of the Canal and showed a varying width; at the upper end 1,100 feet, and further down 4,100 feet; it also showed a channel 500 feet wide on the bottom for navigation through the greater part of its length. At the upper end it showed it wider, I think about a thousand feet in the bottom. 1,100,—1,000 feet, I guess. I do not quite understand the question. Do you want to know whether that was the work that we contemplated?

By Sir Eugene Fiset:

Q. The plan attached to the order in council showed exactly the lines which you have just defined. When the company decided to move that 3,000 feet north, were a new set of plans submitted to the Department of Public Works?—A. Oh, yes.

Q. Was this done with the approval of the Engineers of the Public Works?—
A. My answer to that is this: They were submitted to us also. There was a letter received by me from the Chief Engineer of Public Works saying these plans were received and asking me if I would look them over and advise him when I would be ready to discuss them.

By Hon. Mr. Mackenzie:

Q. Was that in 1929 or 1930?—A. I will give you the date.

Hon. Mr. MACKENZIE: They were not approved, anyhow.

By Sir Eugene Fiset:

Q. I want to find out if they were shown those plans?—A. They were submitted to me under date of August 26, 1929, and I wrote to the Chief Engineer of Public Works on October 5, 1929, to say that I have examined the plans submitted by the Beauharnois Company and am prepared to discuss the plans and power works proposed, but I will not be able to discuss the river works for some time, as my office is occupied with the international section of the St. Lawrence River.

Q. Is that the only letter which you have written in connection with the matter?—A. I would not say that. Subsequently to that a meeting was held in my office with the committee of engineers present when we went over these plans and discussed them between us and agreed upon a certain line of procedure; and subsequently to that meeting another meeting was held, on March 19th, 1929,—wait until I see. I might have the wrong date there. The meeting of the inter-departmental committee of engineers was on the 16th October, 1929; that was about ten days after I wrote to say I was ready. And then I met the Beauharnois Engineers on December 18th, 1929, and I registered, as one of the spokesmen, the objections to these plans which they had filed.

By Hon. Mr. Mackenzie:

Q. At that time did the plans then show the moving of the entrance northward?—A. Oh, yes. I also objected to the width between embankments. I had held, for some time previous to that,—in fact I had held previous to the writing of the original report and also between the time the original report was signed and the order in council was passed, that these banks should not be more than 1,300 feet apart.

By Mr. Morin:

Q. Why?—A. For quite a number of reasons which I can outline if you wish.

Q. Please outline them.—A. Well, in the first place, if you regard the plans as being for 53,000 c.f.s. and no more, then I object to the flooding of the extra 2,000 feet of land for the whole length of 14 miles, because it is not necessary to convey that amount of water, and that flooding of land does damage both to the local territory, in withdrawing it from agriculture and from activity, and also I regard it as serious, it is a serious injury to the over-all potentialities of the St. Lawrence, with regard to its length of navigation season, in that with the flooding of that 2,000 feet of land, which would be somewhere around 3,000 acres, would reduce the length of the navigation season out of Montreal to the extent of a third of a day, as I stated it in a letter to Mr. Cameron in August, 1929. Subsequent computations do not change that. That is one objection.

By the Chairman:

Q. How would you use that third of a day?—A. That is quite an intricate question and very difficult, perhaps, and hard to understand, an engineering question.

Q. Is it a purely technical engineering problem?—A. I would say it is a problem which a physicist should check me on. Just to give you a glimpse of what the problem involves, it is this: Due to the exposed water surface between Brockville and the foot of the Lake St. Peter, where the ice forms, we lose twenty-four days in navigation, due to the exposure between these points, which consists of some 230,000 or 240,000 acres,—that gives you a little idea.

As a matter of fact, I will just state the problem very briefly; although I have a memorandum which was circulated to the other members of the Board of Engineers last fall, when we were considering this question, which I will file as an exhibit, if you wish.

The CHAIRMAN: I think you had better file that.

The WITNESS: I will file that.

(Memorandum filed, marked Exhibit No. 32.)

By Hon. Mr. Mackenzie:

Q. Is that part of your report?—A. No, it is not part of the report, but it was filed as an exhibit dealing with the physical problem.

By Sir Eugene Fiset:

Q. Did the others with whom you consulted agree with you in your contentions?—A. Oh, absolutely they did agree with me in my contention. And also, for the information of the members of the American Section I circulated it to the Assistant of Chief Engineers in the United States, and to others who might be interested in the problems.

Q. Did the other engineers of the Public Works Department agree?—A. I do not know what their attitude was, but I have talked it over and gone very thoroughly into it with the other members of the committee.

I have another diagram which might be interesting. Some of you might wish to look at that. I have accumulated six years' records of temperatures up and down the St. Lawrence River, and if you look at that diagram you can see, roughly, this red line is the temperature of the water surface at Three Rivers; and it is repeated, roughly, for each year.

That blue line is the temperature of the water at Kingston; and the green line is the temperature of the water at Ogdensburg. So you can see how it is that the navigation at Montreal terminates about the 4th December. You can see how it is that a ship is prevented from navigating from Montreal after about the 4th December, while a boat is able to operate, say, between Kingston and Brockville as late as the 28th of December, on an average year.

That shows a series of records of water temperatures that have been accumulated over a period of six years at considerable cost.

By Hon. Mr. Mackenzie:

Q. Did your Department do that?—A. Our Department did that. And these records have been carefully meaned, and the mean curve representing average conditions is plotted on that exhibit which is filed.

The physical condition that is revealed is this: As the water flows down from Brockville through Lake St. Peter the air is about 12 degrees cooler than the water, as an average, during its passage the fall of snow and other things increases that difference so that there is a difference of about 15 degrees during the passage. If you extend the water surface, you undoubtedly shorten the time of navigation at Montreal.

By the Chairman:

Q. By how long a time?—A. It depends upon the land flooded. 11,000 acres, according to that exhibit which is filed, will reduce the season out of Montreal to the extent of one day, provided there is no increase in the volume. Actually, I might say that in the international section this has become a very important point.

Q. Can you tell me this, if you know,—you need not speculate. Why did they change the width of the canal, what was the reason? There must have been a reason?—A. Yes, certainly, there was a reason; but if I tell you the reason that is in my own mind, it would be imputing a motive to another.

Q. Was it a sinister motive?—A. No, I do not say it was sinister.

By Hon. Mr. Mackenzie:

Q. Was it possibly done for the purpose of getting more power?—A. There could be no other reason. I want to state this, in connection with this matter, I am not bringing this up because I want to.

The CHAIRMAN: You have not brought it up.

The WITNESS: I have not made this study, at great cost to the Government, with the idea of embarrassing the Beauharnois Company.

In this case, this damage through flooding of the extra land would be worth about two and a half million dollars say ten or twenty years from now. It would not be worth that now, but it will be twenty years from now.

By the Chairman:

Q. If the land was used for another purpose?—A. The fact that it was withdrawn from agriculture would not; but the fact that it was shortening the time of navigation. The loss of a day, when capitalized, is worth \$6,000,000. And when I am claiming that, I have put those totals in the budget on either side; that is only one question and it is not an important one and should not be magnified.

By Mr. White:

Q. You would not say \$6,000,000 was a trifle?—A. No, but it does not assume great proportions in this case, but when I am asked for my objections, that is an element and that is why I say the Canal should not have been built as wide as it is.

By the Chairman:

Q. Assuming that the Canal is built with the width as disclosed in the subsequent plans, and there is only a small portion of that that is done to the depth of 27 feet, is it?—A. Yes.

Q. How wide is that 27 feet?—A. 600 feet in the bottom, but pretty flat slopes, three to one.

Q. And there is an overflow?—A. Over 2,000 feet.

Q. How deep would the water be at the upper end?—A. About two and a half feet, and when the ice formed it would have only say a foot under the ice.

Q. Even with the overflow increasing the water surface, do you think that would affect the date of navigation in Montreal by a day?—A. No, about one-third of a day.

By Mr. White:

Q. And that is \$2,000,000 capitalized?—A. Yes. There is another thing, that is a small objection but you have asked me to state all my objections, I think, did you not?

Mr. MORIN: Yes, sir.

The WITNESS: All my objections to these plans. I have stated one of those, and assume—

By the Chairman:

Q. Before you go to the next objection, is there any other reason you can think of why they should have widened the canal wider than the original plan contemplated, other than the hope that the Government of the day, whoever it might be, might agree with them to dig the canal?—A. Oh, yes, they got a little advantage. The flooding of that land, even to the depth of two feet, and a greater depth down below, they do get some benefit from it. Of course the flow in the shallow section of flanking water would be very slow; it would vary as the square root of the hydraulic radius. You can figure out the use which they will get from that flooding of the land in the upper six miles, but it is very small compared to the damage they have done to navigation, and is also small compared to the cost to themselves of the land that they had bought presumably for that purpose or taken away from agriculture for that purpose.

In the lower eight miles, that is not so. They really have derived as much benefit from flooding the land as they have done injury to navigation, pretty near; and I would not recommend now that anything specially be done in the lower eight miles of that canal. They have derived some benefit, at least something over a million dollars of benefit, from the extra land that they have got, that is the extra section of the canal which they have free of cost other than land; and it would be unwise now, at this late date, to move the bank in where it should have been in the first place, because the ultimate cost would be very great and the benefit would be small; so that there is nothing to be done about it.

By Hon. Mr. Mackenzie:

Q. Mr. McLachlan, may I ask you a question: There have been very interesting theories in regard to water development since you made the report. Have you discussed the theories at all with Mr. Cameron or Mr. Cote or Mr. Johnston, who were with you in this report?—A. Oh, quite fully. Up until the time I was asked to call a Joint Board of Engineers together, I kept Mr. Cameron informed of anything that I thought was of use or value to him in passing the Beauharnois plan; and I have written him three memoranda, that I can think of, in connection with this matter, laying matters before him that I thought would assist him in coming to a conclusion as to what he thought should be done in regard to these works.

Q. Did you discuss them with Mr. Cote or Mr. Johnston?—A. Oh, yes, at the meeting we had with them I went over these things with them.

Q. I mean since the meeting and since that order in council?—A. Yes, since the order in council, I would say we have had at least three meetings, that I can recall, of all the committee, dealing with these matters.

Q. Did any of them or all of them agree with the views you are presenting to the committee now?—A. I have thought that they agreed with them or at least were willing to take my word upon the question; and they certainly agreed to put up to the Beauharnois Company engineers the request that they narrow their canal to 1,300 feet between the waterlines, from one end to the other. But when we met the Beauharnois engineers, I stated the reasons why we could not approve of the wider canal, which has since been built.

By the Chairman:

Q. The wider canal was first shown in the second general plans filed?—A. The wider canal was shown in the very first plan filed.

By Mr. Montgomery:

Q. The first plans were 4,100 and were reduced to 3,300?—A. That is a point perhaps which you would want to get information upon. Before the first Committee's report was made, in writing, I put in writing the danger of building this canal very wide or building this canal with banks far apart. I put it in writing and placed it before the sub-committee of the Cabinet. This matter was brought up in connection with the first committee's report. This may not be admissible evidence; it may be objected to.

Mr. MONTGOMERY: Do you want us to object?

The WITNESS: I do not care what you do, I had a clause in it dealing with this matter.

Mr. MONTGOMERY: I do not know, of course, how much your committee is interested in this matter.

Mr. WHITE: You notice the readiness with which my learned friend agreed to the suggestion to object.

The WITNESS: That was regarded as a matter of detail, we were told. There was a certain view expressed that the 600 feet width of the channel at the bottom was a matter of detail and should be left to the detailed plans. And also it was suggested that the width of the canal from end to end should be taken out and dealt with on the detailed plans when submitted. That discussion caused us to take out one clause and leave the other in, the clause insisting upon the channel provided for navigation being 600 feet wide I left in. The clause which deals with the width which was to be permitted on the waterline was taken out; it was considered that that was a matter which should be dealt with after discussion with the Beauharnois engineers, and I was quite content that that should be so.

In case my position may be thought to be prejudiced in this matter, between the time the committee's report was signed and the order in council was passed, I met at Mr. Cameron's office Mr. Brown, one of the engineers of Beauharnois Company and stipulated that the canal should be only 1,300 feet on the waterline—there was another meeting, I met the Beauharnois engineers a little while after the order in council was passed, in my office, in which again I insisted that this canal should not be wider than 1,300 feet, and I thought the Beauharnois engineers were satisfied. Perhaps it was more strongly my views than those of anybody else at that time. I also wrote Mr. Cameron on July 6th, 1929, expressing the opinion that we should not make the banks more than 1,400 feet from centre to centre, that is 1,300 feet at the waterline. You will find on the records proof of the statement I am making.

By Hon. Mr. Mackenzie:

Q. You accept the responsibility of the report which you signed?—A. Certainly, sir.

Q. You could not do anything else?—A. But I am just saying that the objection which I had to the great width of the canal existed before the order in council was passed and existed after the order in council was passed, and it has continued right up until we made this report last December which is now in question, as to whether it is a privileged document or not.

By the Chairman:

Q. In January, 1929, you, Cameron, Cote and Johnston made this report?—A. We did, sir.

Q. And did you have before you, when you were making that report, a copy of the Beauharnois plans?—A. Yes, we did.

Q. And did those plans of the Beauharnois which you had before you show this wide canal?—A. They did, sir, throughout the greater part of the canal.

Q. When I say this wide canal, I mean the wide canal which is being built.

—A. Yes, there has been a reduction of 700 feet.

Q. I mean the overflow.—A. Yes.

Q. The plans showed that?—A. Yes, they did.

Q. And if I read this report correctly, you approved of that scheme?—

A. That is not what we understood we were doing. What we understood we were doing was just that it was going to be subject to modifications that we might ask. If you read Mr. Geoffrion's statement in the hearing—

Q. Here are the conclusions, and you had when you made this report the plans of the Beauharnois which showed the top of the ditch and the overflow to which they are working now?—A. Exactly.

Q. And your conclusions, with that plan before you, were these:—

Having regard to the application under The Navigable Waters Protection Act, now under consideration, your committee are of the opinion the site and works proposed in the plans and application filed by the said Company will not impede or interfere with navigation on the St. Lawrence River if the conditions attached hereto are met by the Company.

A. That is right.

Q. And it proceeds as follows:—

And, having consideration to the interests of the country as a whole, we are of the opinion that if the works are constructed in accordance with such application and plans subject to the same conditions the same can be efficiently utilized in connection with and as part of any feasible and economical scheme which the Government of Canada may eventually decide upon for the deep waterway development of the St. Lawrence River.

Now then, do the conditions which you have attached to this report suggest or demand that this wide canal be tied into a narrow ditch, or do you—A. It was our intention to impose those conditions.

Q. Do the conditions which you attached contemplate it?—A. We did intend to impose that condition.

Q. Show me where.—A. It is only under that plan where the detailed plans were to be subject to our approval.

Mr. MONTGOMERY: It is not your approval.

Mr. WHITE: Section 11 of the order in council.

The WITNESS: There is a clause there which says they must come back with their plan to us or to somebody,—to us. There was a provision that the company should not commence the construction of their works until detailed plans of construction and all necessary information respecting their works have been submitted to and approved of by federal authority. And we were told we would have a chance to settle that after we had consulted with the Beauharnois engineers.

The CHAIRMAN: That is section 11 of the Order in Council:—

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by Federal authority.

Frankly, Mr. McLachlan, speaking purely as a layman, if I had that report plus its conditions placed before me, and in addition the plan showing this canal of the width that the plan contemplated, I would never draw from those conditions in paragraph 11 that you ever intended to impose any such major change in working out the details—that is the way it strikes me.

The WITNESS: I think you perhaps have quite a good view in that regard; but it is a fact, nevertheless, and I have checked back on all the things which were written from the date that that report was signed right up until the last meeting we had with the Beauharnois engineers, and I tell you that I was under the impression that we had that right to impose that detail; and the clause dealing with that was in the original draft report and was taken out because it was regarded as a matter of detail, and we were told that they had to come back for the change anyway and they might as well change that at the same time. I take full responsibility for my stupidity, sir, in signing that report under those conditions; but that is the situation.

The CHAIRMAN: That is all I want to ask.

The WITNESS: I was going to say one other thing. You asked my objections to this plan. Now, after I went over the work last summer, I felt that conditions under which these plans were being constructed, the general nature of the material and the width of it, and the material that was going into that work, that there really ought to be control structure put it at the upper end of the canal at the outlet. It is a matter of quite serious importance, and I have to admit that in the report we made we did not think at that time it was necessary. I think it is necessary to-day.

By the Chairman:

Q. As time went on then, and it became apparent to you that the Beauharnois Company were going to work to those plans, having in contemplation a wider ditch, did you complain or advise your superiors that the wider ditch was not satisfactory to you as an engineer of the department?—A. Oh, yes, yes.

Q. Whom did you advise of that?—A. I advised Mr. Cameron, Chief Engineer of Public Works.

Mr. JACOBS: He is not your superior.

The WITNESS: In this case he was; I regarded him as my superior.

By Mr. Mackenzie:

Q. Was he the chairman?—A. He was not chairman; I was asked to assist him, to give him the benefit of my knowledge of the proposition.

The CHAIRMAN: Perfectly right.

The WITNESS: I gave it verbally to my immediate chief in the department; I do not recall that I did it in writing.

Q. Who is your immediate chief?—A. Col. Dubuc, who is Chief Engineer.

Q. You felt, and I think probably properly so, when you had called your immediate superior's attention to this matter that that was the end of it?—A. Yes.

Q. You do not know what they did?—A. I do not know what they did. You asked me to deal with the objections to this. Now, I have dealt with two or three—I dealt with three objections. Now, if you conceive these plans are being built to divert the whole St. Lawrence river, or nearly the whole St. Lawrence river down between those banks, of course—

The CHAIRMAN: The whole St. Lawrence river, even with the amended plans, could not get out through either of the ends of the canal?—A. If the material between those banks is excavated to 27 feet, it will carry about 180,000 cubic feet per second. But they will have to build more power houses down there.

Q. Now, Mr. McLachlan, you seem to conceive the idea, whether consciously or by accident, that the Beauharnois company are going to drain the St. Lawrence river sooner or later.—A. Well, of course—

Q. Can you enlighten us how you come to that conclusion?—A. Well of course, their original prospectus spoke of it, and the original application spoke of it.

Q. We have not arrived at that yet.—A. The original—

Mr. WHITE: What is that?

The WITNESS: The original application visualizes that kind of thing.

Mr. WHITE: The application for authority, which was later modified on the suggestion of Mr. Geoffrion at the hearing before the Minister of Public Works.

Mr. MACKENZIE: Pardon me one second. The application said it is proposed to divert the full flow of the St. Lawrence river between Lake St. Francis and Lake St. Louis.

The CHAIRMAN: Is that the original application?

Mr. MACKENZIE: The original application.

The CHAIRMAN: That was turned down.

Mr. MORIN: It was modified by a second application and by Mr. Geoffrion saying "We are going to build a 40,000 cubic second feet—"

The CHAIRMAN: That is recited in P.C. 422.

Mr. MORIN: Yes.

Mr. MACKENZIE: At page 5.

Mr. WHITE: That is what took place at the public hearing before the Minister of Public Works on the 15th January.

The CHAIRMAN: In the light of what Mr. McLachlan has said, and in the light of what he obviously has had confirmed in his own mind, it becomes interesting. The application first contemplated the diversion of all waters of the St. Lawrence river.

The WITNESS: Yes.

Mr. MONTGOMERY: With the exception of existing water powers.

The CHAIRMAN: Then, that being objected to, the application is amended as shown on page 6 of 422; is that right. What they asked for in the original application is abandoned, and this is substituted: "The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which would be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—"

The WITNESS: Yes.

Mr. MORIN: Do not forget, Mr. Chairman, that the prior plans called for the whole overflow of the St. Lawrence river, and that at the time the plans were made, the width shown was 4,000 feet, and when they came before the council their application was for the whole overflow of the St. Lawrence,—they modified their application, but they did not modify the plan.

The CHAIRMAN: I am coming to that. The application is modified, as I have been reading it, "from Lake St. Francis to be returned to Lake St. Louis and used for power purposes by the company between those two points, and any condition that the government may exact, in any wording satisfactory to the government, involving that limitation, is accepted in advance by the applicant." There was a degree of confidence there that is almost surprising. "If the engineers think that the plans should be altered to meet this declaration, the company will submit to any such alteration." Now then, that is what amended plans?—A. Yes, exactly.

Q. The Beauharnois company went ahead with a construction which obviously contemplated either in the near or distant future the diversion of the whole of the River St. Lawrence?—A. Exactly.

Q. That is right?—A. I would say so.

Q. That is the only construction you can put upon it?—A. The only construction, yes.

Mr. WHITE: Then, Mr. Chairman, there is the last sentence in the alternative on page 6, which in view of what is now said, is probably important.

Mr. MONTGOMERY: The plan submitted for approval was 40,000 feet, 4,000 feet wide and 40,000 feet diversion.

Mr. WHITE: The plan?

Mr. MONTGOMERY: That is my understanding.

Mr. WHITE: You may be right. I thought the plan did not say what the diversion was.

Mr. MONTGOMERY: We will check that.

Mr. FORSYTHE: There is a plan of the St. Lawrence, and here is what the plan says.

Mr. MORIN: This plan must be read in conjunction with the original application because they have constructed a power house for the diversion of 40,000 feet.

The WITNESS: Now Mr. Chairman, I was asked to state my objections to the plan. I should like to state what my objections would be. If you visualize the whole river going through between those banks—

Mr. MONTGOMERY: We are not dealing with that now.

The WITNESS: I do not know. It makes a big difference to me. I have some very serious objections to the plans.

The CHAIRMAN: Let us have your objections, supposing the whole river was turned through that canal.

The WITNESS: Supposing the whole river was turned through that canal, then you have this condition: you have to introduce the deep water way between Lake Ontario and Montreal through this section, and you have to provide for the building of locks at Melocheville. A canal with a channel 600 feet is quite satisfactory with regard to width. It is parallel—

The CHAIRMAN: Would not the present locks that they are going to build in connection with the present work—

The WITNESS: In building the locks in connection with the present work it is convenient to build the locks in one end. Now you have a channel 600 feet wide running through that power canal which is 3,300 feet wide at water line, something less at the bottom; you have a velocity there in the canal $2\frac{1}{4}$ feet a second. You have two bridges in the upper end of the canal which are located in parts of the canal where the floor of the channel is hard pan and gravel, firm material. Now on the front of each ship as it comes down, these bridges must open. If you think of that in comparison with other waterways that you use for like purposes, you immediately think of say the St. Lawrence opposite Three Rivers or the St. Lawrence opposite Sorel, where you have a velocity of about the same as in the Beauharnois canal. You have navigation carrying 9 or 10 billion tons passing through in large boats. Well, I ask you what would the people using the port of Montreal think to-day if somebody chose to introduce two draw bridges in the section of the St. Lawrence river that have to open in front of the ships? I am sure they would not consider that for a minute. They would say it is dangerous. Why, it would be a terrible restriction to put on the waterway. Similarly, supposing at Detroit where the velocity is very much the same, and the width of the channel very much the same, and you have Great Lakes boats plying through the waterway with very heavy traffic all the time. Now, at the Detroit river, as you know, they have built a tunnel lately costing \$20,000,000 and they have built a bridge costing a similar amount, a bridge to

get above traffic, 137 feet in the air and a tunnel to get below it; and anything in the way of a draw bridge in this unit of the waterways would be a very serious matter. In these plans and in these reports that we made with the Chief Engineer of Public Works and other engineers mentioned there, we realized that that was quite a serious matter. We did not know for some time what we were going to do about it, and finally, if you—

The CHAIRMAN: Didn't know what?

The WITNESS: If you will read the report you will see we introduced a 1,200 foot crib above each bridge in the expectation that boats will be able to go astern and tie up the crib in case of trouble. You will see in that report that we thought navigation should be satisfied with that. All right. Now, I signed that. That is fine. But I know in my heart if there is any trouble over that thing, and the flow is only 40,000 second feet, I can, by spending \$300,000 in enlarging the channel above each bridge, for a mile, reduce the velocity down to a mile an hour, and in that way I would get conditions similar to those that we now have to contend with in our canals, and I will cut down the velocity so that we will be able to tie up the boat to the cribs and be able to control it to a sufficient extent—

The CHAIRMAN: If the present plans are not satisfactory—

The WITNESS: I can—

The CHAIRMAN: You know that with a comparatively small expense you can rectify the matter.

The WITNESS: Yes, certainly. I did not write that report, and I did not want to act—

The CHAIRMAN: Why did you not do that in the first place?

The WITNESS: Enlarge it?

The CHAIRMAN: Yes.

The WITNESS: Why do something until it is shown to be necessary; why spend money until you are sure it is wanted and absolutely needed? I mean to say, I think it is good economics not to spend money until it is demanded. If you get a certain number of navigation people who are not satisfied with a 1,200 foot crib above these bridges, we can rectify at a reasonable expenditure.

The CHAIRMAN: Does it endanger anything as it exists?

The WITNESS: Of course, there is a danger existent, no question.

The CHAIRMAN: The way it is now?

The WITNESS: There would be some danger, certainly.

The CHAIRMAN: That is the idea you had in mind when you say there is danger if a boat gets away—

The WITNESS: Yes, there is danger.

The CHAIRMAN: The expenditure of another \$300,000 now would probably save a boat worth twice as much.

The WITNESS: Yes. The difficulty is, as the flow increases it magnifies your difficulty, we are dealing with a situation which probably increases by that square of the diversion, because you have to increase the length dealt with—you have to enlarge and increase the width and the length, if you attempt to deal with the condition of the whole St. Lawrence river going through a canal like that. I do not know where we would land in regard to expenditure when you consider a project for a full diversion. We really cannot seriously contemplate sending deep navigation from Lake St. Francis down that particular project. I know in my heart that we will have to put in a guard lock at the upper end, and build a separate canal from there to below the second bridge to Lake St. Francis—

The CHAIRMAN: Where would you construct them?

The WITNESS: Well—

The CHAIRMAN: You mean a whole new canal?

The WITNESS: Yes, if you divert the whole St. Lawrence river through this canal, build a separate canal somewhere up here (pointing on map) and putting the lock which will act as a stop for the current in the canal.

The CHAIRMAN: That canal should have continued down in an easterly direction right into Lake St. Louis?

The WITNESS: No, I would go in around that point there (indicating). I would say six miles or a little less, of the power canal could be used.

The CHAIRMAN: Did you consider this as a project to divert the whole St. Lawrence river?

The WITNESS: Undoubtedly we will be forced to adopt such a scheme as I described.

The CHAIRMAN: Why?

The WITNESS: I would not—because you cannot put a boat—

Mr. MORIN: A little louder, please.

The WITNESS: Because we cannot put those boats through those draw-bridges with that velocity, and with a hard floor you cannot drop an anchor to stop them. I do not want to put myself into an irredeemable position. I am not going to throw my professional reputation in this country into a position where I cannot extricate myself if it does not work; I want to leave a gate open.

The CHAIRMAN: Can you give us any further objections?

The WITNESS: Yes, I will give you further objections. We will consider what I have given as the first ground which I have urged most strongly from the beginning against the Beauharnois undertaking.

Mr. STEWART: What is that?

The WITNESS: This is the strongest ground I have urged. This is the first ground and strongest ground that I have urged against building this canal by the Beauharnois engineers, and it is this: I would consider it would be suicidal from a power point of view to attempt to develop the whole power resources of the Soulanges section in one single canal running from Lake St. Francis to Lake St. Louis.

Mr. STEWART: Why?

The WITNESS: For this reason: In the fall of the year ice forms in those canals and rivers, quietly and smoothly, if the water is flowing as slow as 1.4 feet a second. In this particular canal it is supposed to run $2\frac{1}{4}$ feet a second. That is nearly twice as fast as it is in the St. Lawrence river. You have a velocity there, and you hardly know what is going to happen, whether the ice is going to telescope underneath and form a jam or not. Now, in the International section which I think is about 15 miles long or something like that, we cannot get away from such conditions between Prescott and Morrisburg, it is proposed by the Joint Board of Engineers that we spend \$40,000,000 to make the channel deep enough to carry water at a little less than $2\frac{1}{4}$ feet a second. Now, you have at the foot of this canal a series of big power plants, tied up with industrial and domestic loads of this county, and they must deliver power every day in the year. You are in the position where you want the flow of water all the time. When the water gets cooled to zero an ice covering forms; you have to do something in order to get a smooth ice covering, otherwise you are likely to have a jam.

The CHAIRMAN: You have all the eggs in one basket.

The WITNESS: You have all the eggs in one basket. Not only that, but conditions there are ideal for a jam, because the shores are parallel; it is not like a crooked river, which helps to hold the ice. The shores are parallel, and not only that, but you have a power house that will tend to form conditions in your head race which would break it away from the two shores, and all you have to keep the ice is resistance at the head of the cover, whatever it may be.

The CHAIRMAN: Then, your idea is, as I take it, from what you have been leading up to, that instead of having all the St. Lawrence go into one big power house, the water should be diverted through several channels to several independent power houses.

The WITNESS: Absolutely.

The CHAIRMAN: Each tied up with the other, if necessary.

The WITNESS: Yes.

The CHAIRMAN: So if one goes out of commission the others can take the load?

The WITNESS: Yes.

The CHAIRMAN: And it could be controlled from one central power station.

The WITNESS: Ice conditions could be controlled by throwing the load from one to another.

The CHAIRMAN: I suppose, in addition to that, if an electrical storm comes up, the different plants could take the load.

The WITNESS: I do not think there is much in that.

Mr. JACOBS: This is power transfer.

The WITNESS: Yes, I am talking of power transfer, I am certainly talking of power transfer.

Mr. STEWART: You say you get a level covering of ice; would you get that with the power going through one canal?

The WITNESS: If I had the river diverted?

Mr. STEWART: Supposing you had three canals.

The WITNESS: Yes?

Mr. STEWART: You would get it all the way through?

The WITNESS: Yes, I would get it. The ideal condition would be to have a development of say 500,000 at Beauharnois and the running power in other plants in the river.

Hon. Mr. CANNON: One moment. In view of the fact that the witness has just said that he was talking of a power scheme, and seeing I represent the province of Quebec, I would like to say that this evidence is being taken after objection has been made on behalf of the province, seeing that the province contends that power comes within its jurisdiction, and its jurisdiction alone.

Mr. MORIN: You raise reservations?

The WITNESS: I might say this as an explanation, The Cedar Rapids plant is in the centre of the section, and it, of course, is up against this ice difficulty. In the winter time these plants operate at about one-half the capacity of what they do in the summer. Well, they sell one-half of this load for electrical chemical use; they export one-half of the power to Massena and as you know power used in such a way is not well used, and it is something that we should not do; it is not much good to you. I think it is wrong conservation, the conservation principle is wrong. Now, I do not know whether I have covered everything or not.

Mr. MORIN: Now, Mr. McLachlan, I suppose the people who have to use this canal from the point of view of navigation are entitled to stop along the banks. How can they go on the south sides of the canal in shallow water of two or three feet.

Mr. STEWART: What is your question?

Mr. MORIN: I understand, Mr. Chairman—

Mr. LENNOX: He has not answered your question.

Mr. MORIN: I understand that the government is entitled to wharves along both sides of this canal. You have a canal 3,300 feet wide. Your canal is 600 feet and then you come into shallow water. You have 2,700 feet in shallow water to go to the wharf on the south side; you understand that.

Mr. McLACHLAN: Now, Mr. Morin, you know—I will tell you I have a little hesitation in dealing with that question, and will tell you why.

The CHAIRMAN: What kind of boats are you referring to?

Mr. MORIN: Any kind of boat.

The CHAIRMAN: How are they going to float in $2\frac{1}{2}$ feet?

Mr. MORIN: That is what I want to know.

Mr. WHITE: You see what Mr. Morin is referring to is this; you remember that the other day going through the file of the Public Works Department there was an application for approval of the site of the wharves which was to be conveyed to the government, and these wharves are situated on either side of the canal, so that we have the actual situation of the approval of the sites of the wharves in the shallow water through which no boats can go.

Mr. MORIN: Unless the government digs a channel themselves.

Mr. WHITE: For those boats. The inference being that what is contemplated is a deepening of the canal to 27 feet for its whole width.

Mr. JACOBS: The Beauharnois people agreed to do that, didn't they? In their agreement they are pledged to that to the satisfaction of the department.

Mr. WHITE: Do what?

Mr. JACOBS: To build a canal.

Mr. WHITE: Only 600 feet. They are not pledged.

Mr. MACKENZIE: Under the present construction of the canal, they are not to put any wharves on the south side.

Mr. WHITE: As I understand the situation now, approval has actually been put by the departmental engineers on the site of these wharves.

Mr. GARDINER: On the south side?

Mr. MORIN: They have accepted wharves right in that field.

The WITNESS: I do not believe it is proper to ask me to deal with that particular question of those local wharves, for this reason: Local wharves throughout the St. Lawrence are distinctly under the Department of Public Works and I have no official duty to report upon them, or to discuss their value, or utility or workability, or anything else.

The CHAIRMAN: It is difficult for anyone to appreciate the value of some of the wharves that have been built.

The WITNESS: I think you had better excuse me on that question. I would like to give testimony only on something on which I have an official duty.

Hon. Mr. MACKENZIE: We will get it from Mr. Cameron.

Mr. JACOBS: I move the adjournment of this committee until Tuesday morning at 11 o'clock.

The Committee adjourned at 5.05 p.m., Friday, 26th June, 1931, to resume on Tuesday, 30th June, 1931, at 11 a.m.

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Canadian Branch of the
Special Committee (1931)

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SESSION 1931
HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

TUESDAY, JUNE 30, 1931

LIBRA

WITNESSES:

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont.

EXHIBITS FILED

No. 33—Copy of letter, dated November 30, 1929, from Mr. Pugsley, Secretary, Department of Railways and Canals, Ottawa, Ont., to L. S. Christie, Beauharnois Light, Heat and Power Company.

No. 34—Copy of letter, dated October 25, 1927, from Mr. D. W. McLachlan to L. C. Sabin, Vice-President, Lake Carriers' Association, Cleveland, Ohio, together with copy of Mr. Sabin's reply.

ORDER OF REFERENCE

MONDAY, June 29, 1931.

Ordered,—That the said Committee be given power to employ a secretary to assist counsel to the Committee in the investigation now proceeding, until the Final Report of the said Committee is presented to the House.

Ordered,—That the said Committee be given power to employ a firm of auditors to assist in the investigation now proceeding, until the Final Report of the said Committee is presented to the House.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

THIRD REPORT

FRIDAY, 26th June, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project beg leave to present the following as their Third Report.

Your Committee recommend that they be given power to employ a secretary to assist counsel to the Committee in the investigation now proceeding, until the Final Report of the Committee is presented to the House.

Your Committee further recommend that they be given power to employ a firm of auditors to assist in the investigation now proceeding, until the Final Report of the Committee is presented to the House.

All of which is respectfully submitted.

W. A. GORDON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, June 30, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Duncan W. McLachlan was recalled and further examined. He filed,—

Exhibit No. 33—Copy of letter, dated November 30, 1929, from Mr. Pugsley, Secretary, Department of Railways and Canals, Ottawa, Ont., to L. S. Christie, Beauharnois Light, Heat and Power Company.

Mr. McLachlan retired.

The Chairman ruled that any counsel present could examine a witness, provided the information sought would be helpful.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was called, sworn and examined.

The Committee adjourned at 1 p.m. until 2.30 p.m.

The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The examination of Mr. Kenneth McKenzie Cameron was resumed. In the course of the examination, Mr. White, K.C., of Counsel for the Committee, filed,

Exhibit No. 34—Copy of letter, dated October 25, 1927, from Mr. D. W. McLachlan to L. C. Sabin, Vice-President, Lake Carriers' Association, Cleveland, Ohio, together with copy of Mr. Sabin's reply.

Mr. Cameron was cross-examined by Mr. Montgomery.

Mr. Cameron retired.

On motion of Mr. Jacobs,—

Ordered,—That the Committee Clerks, Messrs. Dun, Taschereau and Doyle accompany the Committee on their trip to-morrow.

The Committee adjourned until Thursday, 2nd July, at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 268,

TUESDAY, June 30, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon, presiding.

Appearances:

Peter White, K.C.; Louis Morin, K.C.; B. H. L. Symes, for the Committee.
G. H. Montgomery, K.C.; L. A. Forsythe, K.C.; I. F. Hellmuth, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

The CHAIRMAN: Well, gentlemen, I guess we can start.

Mr. WHITE: Mr. Symes, Mr. Chairman, appears with me this morning for the first time.

I understand I am to continue the examination of Mr. McLachlan.

The CHAIRMAN: Yes.

DUNCAN WILLIAM McLACHLAN, examination continued by Mr. Morin.

By Mr. Morin:

Q. Mr. McLachlan, I have referred to the order in council 422, at page 13, and I find the condition No. 5 to be this:

The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of The International Joint Board of Engineers Report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

Now will you state if you have found that the embankments were being constructed according to this condition?—A. At my visit to the work on the 4th August, 1930, I found the embankments were being built in a manner which I will try and describe. A small section which would conform to one of the sections shown in one of the sections shown in our Board of Engineers Report was being thrown up by tower excavators. These tower excavators deposited the material in bucketfuls, one on top of the other, and left a very ragged surface to dry out in the sun; and I did not regard that as being in conformity with the standards of the Joint Board of Engineers.

The standards referred to in the Joint Board of Engineers Report was intended to conform to the Canadian custom in building embankments on Canadian canals, particularly on the Welland, where the material was deposited in layers and compacted with steam rollers as it was built, so that air and water was excluded as much as possible from the section of the embankment.

Shortly after my visit to the works on August 4th, new plans were submitted by the Beauharnois Company, which showed something I did not know

and in fact I did not know that the company contemplated at all using, on my visit on August 4th. It in fact showed two rather loosely thrown up mounds of material, about 200 feet apart, and the interior space was afterwards to be filled in with dredged material.

By Mr. Lennox:

Q. You say a new plan was submitted?—A. Yes, a new plan, showing an entirely new type of embankment from that originally submitted, an embankment built differently entirely from anything contemplated by the Joint Board of Engineers Report. I am not condemning the type of construction for their interest, but it entirely changed, as a matter of fact that change is the reason why I said the other day I thought a control structure was now necessary at the outlet of Lake St. Francis. My reason for saying that I think a control structure is now necessary at the outlet of Lake St. Francis is because of the change in the form of constructing these banks, due to the fact that I do not believe this mound of material thrown up in that manner can be depended upon as a retaining wall, you might say, to hold back the construction dredged material. I feel they will have slides, and if they have slides the rip-rap will be carried down below the point where it is now, and if the rip-rap is carried down below where it is now, with the wind and wave action I am afraid it will cut through.

I would introduce a dam at the outlet of the lake, to make sure nothing of a disaster will happen on account of the way these banks are being built.

The introduction of the control dam will force navigation; at some future time when it is introduced in that section, that is deep navigation—my sentence is not complete and I think I will repeat: The introduction of this control dam will force the deep waterway, when introduced, to add a guard-lock besides, in order to pass the obstruction which this control structure will make. At this control structure there may be only three or four-tenths of a drop, perhaps six inches, that could not be passed through except by use of a guard-lock.

I think that is all I have to say about that point.

By Mr. Morin:

Q. Do you think it will be possible to construct the guard-lock with the actual canal in use as being built now?—A. No, to construct the guard-lock and to get that entrance into a condition where I think we can navigate it with safety, we will have to force the company to move the intake southerly some distance, not as far as they had it in their original application but at least half way back.

By the Chairman:

Q. Half way back to the south?—A. Yes.

By Hon. Mr. Mackenzie:

Q. About 1,500 feet to the south?—A. As a matter of fact I looked up after my last evidence and it was moved to the north 3,400 feet; it would be a little more than half way back.

By Mr. Morin:

Q. Should they retain the width of the canal?—A. I would maintain that there is no need to have a canal more than 1,300 feet at the waterline. That is all I would permit them to have at that point.

By Mr. Lennox:

Q. Do you mean to say it is 1,700 feet wider than it is necessary?—A. Yes, I would say so. I might say about that, our Joint Board of Engineers—

Q. What benefit would the Beauharnois Company gain by having it 3,400 feet rather than 1,300 feet?—A. Do you mean having regard to the flow being restricted?

Q. Not limiting it in any way, what benefit would they gain?—A. Of course if they get the whole river they will be saved the necessity of building a bank later on; but if you hold them down to the 53,000 second feet which they now have, they will have some benefit from the fact that the ice when it forms in winter, where the water is three and a half feet deep, will be about two and a half feet deep, so that there will be a section there about a foot deep—

Q. They have the right now to 40,000 cubic feet per second?—A. Yes, sir.

By the Chairman:

Q. 53,000, as a fact?—A. 53,000 is the best I can discuss.

By Mr. Lennox:

Q. Without anticipating an enlargement of their rights, where do they gain either from a pecuniary or any other reason?—A. I have that figured out. I have figured out what they would gain. They benefit to the extent of \$7.20 per lineal foot of canal; in the upper six miles of canal they arrive at a cost of about \$9.50 per foot for land, and damage to the extent of \$27 per lineal foot, and I—

Q. How does that affect the public?—A. They have spent \$9.60 for the land already; that has come out of their pocket; and they derive the benefit of \$7.60 per lineal foot.

By Hon. Mr. Mackenzie:

Q. Would you explain that?—A. No matter how small the channel, no matter how thin it is, it takes care of some water, if there is a slope in the channel; and though the velocity in the main channel may be, say, two and a quarter feet per second, and this may not be more than half a foot per second, you can see that a band of water three feet wide and one foot deep at half a foot a second carries some water; and if you get some water down in that way you do not have to have a bigger channel to carry it by excavation. I do not know whether that is clear or not, but that is the best explanation I can give off hand.

By Mr. White:

Q. You mean to say it is cheaper, as you found it out, than to excavate?—A. Spreading it out does not cost anything. I maintain that the building of the canal to the width of 3,300 feet, in the upper six miles of the canal, has cost the Beauharnois Canal Company more than they would derive in the way of benefit. That is my analysis.

By Mr. Jacobs:

Q. Two dollars per foot?—A. Yes, \$2 per foot more than it has benefitted them, from their own interest point of view.

By Sir Eugène Fiset:

Q. When you made your visit there, did you inquire from the Beauharnois people the reason why they were doing this?—A. When I visited the Beauharnois works on the 4th of August, 1930, I presented my card which introduced me as the Chairman of the Joint Board of Engineers, and asked them to appoint someone to take me over the works, which they did.

Q. So that you did not discuss the reason for it?—A. No. I came back to Ottawa and spoke to Mr. Cameron about it, that it was not according to the plan.

Q. Am I right in saying that the date of the last plan was August 22, the plan which you had seen in which they had changed their mode of working?—A. As a matter of fact I was not shown much in the way of a plan excepting I was taken over the work and saw what they were doing on the ground.

Q. So that when you made the visit, as you said a minute ago that you had seen the new plan submitted by the company?—A. Yes.

Q. When were those plans received,—were they the plans received in the latter part of August, 1930, or were they the plans submitted in 1929—A. The plans I referred to were submitted on the 20th August, 1930.

Mr. WHITE: I thought your visit was the 4th August.

Hon. Mr. MACKENZIE: He said this morning that the plans were submitted shortly after his visit there.

By Mr. White:

Q. The plans which you say must have been those submitted in 1929, because the visit was on the 4th August and the other plans were not submitted until the 20th August?

Sir EUGÈNE Fiset: That is what I want to know. We have three plans mentioned, those mentioned in the order in council, those submitted in 1929, and those submitted on the 20th August, 1930.

By Mr. Jacobs:

Q. These were the plans of 1929. At whose request did you visit the works?—A. Under no request. I got a despatch sent over to me by the Department of External Affairs, which contained the information that the Canadian section had consented to the Joint Board of Engineers re-convening with the American section. Both countries had consented to our meeting immediately with regard to the international section of the St. Lawrence River. I expected to be called upon to meet the Americans immediately, and I thought as a wise precaution I should go down to see what there was in the section immediately below, so that I would be able to defend the work, if it was brought into question.

Q. Because you were somewhat responsible for the work?—A. I had to defend Canada's position in any case. I do not say I was responsible.

Q. At any rate you were not instructed by anybody to go down there?—A. No, I was not instructed.

By Hon. Mr. Mackenzie:

Q. You went down there as the Chairman of the Canadian section of the Joint Board?—A. Yes.

Q. So as to be able to advise them when they met.—A. I knew that the American section would want to know what was being done below, and I wanted to see, anyway.

Q. Did that meeting come off?—A. It has not come off to this day. Both Both countries are committed to the meeting.

By Mr. Morin:

Q. Now, Mr. McLachlan, will you give a few words of explanation to the committee about the Montreal Cotton transfer? I understand as a matter of fact that there is a diversion proposed to the canal of about 40,000 cubic feet, and about 12,000 cubic feet by transfer to the Montreal Cotton. Will you explain how that is?

Q. You wish, Mr. Morin, for me to just give a little history of how the thing occurred?

Q. I understand that before this project came along, the Montreal Cotton was getting a few thousand horse-power?—A. 13,000 h.p.

Q. At the Valleyfield dam?—A. Yes.

Q. Will you explain this?—A. As I explained the other day, shortly after the original Beauharnois Canal was built, the Federal Government built a dam across the channel between Grand Island and the mainland at Valleyfield. Later, leases of water-power were granted at this point.

By The Chairman:

Q. Who granted the leases?—A. Oh, it began by the original Board of Works, then afterwards the Department of Railways and Canals, when it became separated from the Department of Public Works. There was a whole series of enlargements of the rights given there until just before the Beauharnois project came along they were using about 13,000 second feet, or they had the right to use 13,172 second feet under three leases at that time.

Q. Were the leases from the Dominion Government to the lessees?—A. They were from the Dominion Government to the Dominion Cotton Company and other associated interests.

By Mr. Jacobs:

Q. They had those leases for many, many years?—A. Not many at the magnitude that they then stood at; but they had leases of some kind there for a considerable period of time. I could not give it to you offhand.

By Hon. Mr. Mackenzie:

Q. Was that before Confederation, do you know?—A. Oh, yes, the first lease was before Confederation.

Q. It took place before Confederation, do you know.—A. Oh, yes. The first lease was before Confederation. I would not want to make that as a positive statement. I cannot possibly remember that now. I will have to look the record up. I would only be guessing at it.

The CHAIRMAN: Never mind guessing.

Mr. MORIN: It is too bad we do not have the plan before us this morning.

By Mr. Morin:

Q. I understand, however, that this water power is developed in the St. Lawrence river.—A. This water power is developed in the St. Lawrence yes, in the channel of the St. Lawrence river.

Q. And that this power results from the construction of a dam.—A. Yes, sir, by the Federal government.

Q. Right in the river.—A. Yes, sir, it is constructed right in the river.

Mr. LENNOX: What water power are you speaking of.

Mr. MORIN: Of the Montreal Cotton Company.

By Mr. Morin:

Q. And this dam has a fall of 11 feet.—A. 11 feet.

Q. And the water passes through the dam and goes right straight into the channel of the river.—A. Well, that is true, I think, to all intents and purposes. As a matter of actual fact, the development that took place under those leases was by digging channels right around the immediate end of the dam in most cases. There are 10,000 second feet to go immediately around the dam and back into the river. It makes a 180 degree turn. They had to cut away the dam to make the channel.

The CHAIRMAN: What Mr. Morin wants to know is whether the water, or the power for the Montreal Cotton Company's works required the water to be diverted out of the St. Lawrence river.—A. No. I would think, in general, what really happened there was this: When the first dam was built there was a certain amount of water, a greater amount of water than normally flowed down the river. And this channel was immediately on the river. The granting of this lease really restored to this channel what could be considered its natural flow, or a little bit more than its natural flow.

By Mr. White:

Q. Was the dam built as an aid to navigation?—A. The dam was built as an aid to navigation.

By Mr. Morin:

Q. In connection with the old Beauharnois canal?—A. Yes.

By Mr. White:

Q. And the development of power was incidental, or the creation of power was incidental to the building of the navigation works.—A. The power was obtained by simply cutting through the dam and putting in water wheels across the path of that water.

Q. If the dam had not been there there would have been no power except potential power?—A. That is the idea.

By Mr. Morin:

Q. Now they propose to divert this water and put it through the new Beauharnois Canal?—A. That is it.

Q. What for?—A. Well, to obtain a much greater amount of power by utilizing the whole 80-foot head instead of the 11-foot head.

Q. Now, they have an 11-foot head and in passing it through the canal they will have an 80-foot head?—A. 80 feet, approximately.

Q. What is the difference in horsepower being developed?—A. About 91,000 horsepower.

Q. So that they will get 91,000 horsepower— —A. More.

Q. And before they had 8,000 horsepower?—A. Yes.

By Mr. White:

Q. 13,000, was it not?—A. Well, they get about 13,000 horsepower.

By the Chairman:

Q. Mr. MacLachlan, what will happen, or what has happened to the Montreal Cotton Company's power plant, is it still operating?—A. Still operating. The water is not yet developed.

Q. What will happen to it when the water is developed?

Mr. WHITE: Under agreement, Mr. Chairman, between the two companies for the transfer, the Beauharnois Company must supply power from the Beauharnois power station to the Montreal Cotton Company for their purposes in perpetuity.

The CHAIRMAN: What I want to know is what will happen to the Montreal Cotton Company's power plant when the water is developed or diverted?—A. They will close the gates.

By the Chairman:

Q. It could still be operated?—A. Oh, yes, certainly.

Mr. JACOBS: It could not be operated if the power is transferred to the Beauharnois, this 13,000 cubic second feet.

The CHAIRMAN: As I understand it, the situation is this, that while the Beauharnois Company procured an assignment of the Montreal Cotton Company's lease, yet if anyone could secure another right to use the power plant of the Montreal Cotton Company it could still develop the power by drawing off more water.

The WITNESS: Nothing could stop it.

By Mr. Morin:

Q. What would be the effect of this change by the diversion of this water to navigation in the St. Lawrence river?—A. Well, it would not make any difference in regard to Lake St. Francis, and it would not make any difference with regard to that stretch of the river from the head of Grand Island down to the foot of Grand Island. From there down, of course, the river would have that much less water flowing in it.

Q. What would be the difference in level?—A. Oh, the river in that section varies about 1 foot for every 30,000 feet obstruction, perhaps a little more, perhaps 33,000. It would be about four inches, I suppose.

Q. 4 inches?—A. Yes, it would be about 4 inches lower.

Q. The level of the river would be lowered by about 4 inches?—A. 4 inches.

Q. In the rapids?—A. For a length of about 5 or 6 miles—6 miles I guess.

By Mr. White:

Q. That is the lower 6 miles of the St. Lawrence section?—A. Yes, sir.

By Mr. Morin:

Q. Do you know if any remedial works were proposed in the original application?—A. Oh, yes remedial works were proposed in the original application for that section.

Q. But in connection with the transfer by the Montreal Cotton Company.—A. Oh, no. The position of the Department of Railways and Canals,—and there again I can only speak from a knowledge of the documents; I had nothing to do with the arrangements which were made at the time,—but the department's position is set out in a letter which I had copied this morning from the Secretary of the Department to the Company, dated November 30, 1929, in which it says—

By Mr. Jacobs:

Q. Is that the Public Works Department.—A. No, Railways and Canals. Perhaps I had better read the letter:— —

It is to be understood by and between all parties, executing the three several agreements, in triplicate, as above referred to, that the execution by His Majesty, represented by the Minister of Railways and Canals under the authority of Orders in Council, P.C. Nos. 2201, 2202 and 2203, dated November 6th, 1929, respectively, is not to be deemed to affect any obligation which there may be to obtain approval of any works which may be subject to the provisions of the Navigable Waters Protection Act.

The CHAIRMAN: What is the date of the letter.

The WITNESS: November 30, 1929.

The CHAIRMAN: From whom to whom.

The WITNESS: From Br. Pugsley, Secretary of the Department of Railways and Canals to L. S. Christie, Beauharnois Light, Heat and Power Company.

The CHAIRMAN: This had better be led as Exhibit No. 33.

Mr. LENNOX: What is the importance of what you read.

The WITNESS: I do not know what the importance of it is.

By Mr. Lennox:

Q. I assume, Mr. McLachlan, it was read for some purpose.

The CHAIRMAN: He was asked to read it.

Sir EUGENE Fiset: He mentioned the remedial works and then read the letter, and the letter agrees the remedial works have to be done in accordance with the Navigable Waters Protection Act.

Mr. WHITE: I imagine that the consent is subject to the application of the Navigable Waters Protection Act in respect to such remedial works as may be deemed necessary, as determined by that application.

Sir EUGENE Fiset: As retermined by P.C. 422.

Mr. WHITE: No, not by P.C. 422, because P.C. 422 does not cover a diversion of that 13,000 odd cubic feet. It only dealt with 40,000 cubic feet. This requires, according to Mr. McLachlan, the additional remedial works which were not contemplated when the original order in council was made, that is, P.C. 422.

By Mr. White:

Q. Is that correct, Mr. McLachlan.—A. That is correct. I was not listening very closely to what you said.

The CHAIRMAN: It appears from a reading of the letter that the Secretary of the Department of Railways and Canals put this paragraph in the letter for the purpose of making it clear that those leases and this letter did not contemplate that the lessee or assignees of the lease—I presume that is the way you would describe them—would be relieved from seeking approval from the Governor in Council under the Navigable Waters Protection Act when they took the water from where it flowed through the Montreal Cotton Company's power house, when they took and diverted it back into the canal, that is, it seemed to be a reservation introduced by Mr. Pugsley, so that it would not relieve them from having to do that. That is the way I read it. I may be wrong.

Mr. WHITE: I would like to find out from Mr. McLachlan so that we may have it in one place on the notes.

By Mr. White:

Q. With 53,072 cubic feet a second at the 80 foot head of the Beauharnois Power Plant and the velocity of $2\frac{1}{4}$ feet second, what firm power can be developed?—A. Well, that amount that I gave you plus 13,000 horse power would be about it. That would be 104,000 horse power altogether.

Q. 104,000 horse power altogether.—A. Yes.

By Sir Eugène Fiset:

Q. The cubic feet being 13,000.—A. 13,072 to be exact.

Mr. WHITE: I would like to get that fairly accurately on the notes, Mr. McLachlan.

By Mr. Stewart:

Q. 104,000 means what you would get from your 13,072 cubic feet.—A. At the 80 foot head.

By Mr. White:

Q. I was talking about 53,000 cubic feet, and I would like to know how much 53,000 cubic feet will give at the 80 foot head.—A. You would like to know how much 53,000 will give at the 80 foot head.

Q. Yes, at that velocity.—A. Of course, the velocity has nothing to do with it.

Q. I mean, if as a matter of fact the works were designed in such a way so that they would use more water up and, therefore, give them more power. Let us confine our remarks, if you please, to the question that I had in mind, because I would like to get this down on the notes accurately. What I want to know is at that velocity what is the power which would be developed with 53,072 cubic feet per second at the 80 foot head which, I understand, is the height at the Beauharnois plant. I am talking about firm power.—A. I would say four hundred and twenty-four, five hundred and seventy-six thousand horse power, according to the formula we engineers use.

Q. Are not you getting mixed up in your figures?—A. Four hundred and twenty-four thousand five hundred and seventy-six horse power.

Q. You have one word "thousand" too many in there, Mr. McLachlan.—A. As I understand it, you asked me the question how much power—

Q. Let me have your figures. There is no use discussing it.

Sir EUGENE Fiset: This discussion is very enlightening, let it go on.

Mr. LENNOX: You have got me all mixed up, I do not know where I am now.

Mr. WHITE: I am not going to admit that.

By Mr. White:

Q. The point is, Mr. McLachlan, that you gave the figure as four hundred and twenty-four thousand five hundred and seventy-six thousand. You have one word "thousand" too many in there.—A. That is the amount of power you would obtain from 53,000 c.s.f. at the 80 foot head.

Q. But you said four hundred and twenty-four thousand five hundred and seventy-six thousand. You had one word "thousand" too many in.—A. I am very sorry.

Q. The correct figure being 424,576 horse power. That is correct, is it?—A. Yes, sir, that is correct.

Q. I have used the expression "firm power". Will you please explain to the committee what you think I mean by "firm power".—A. I would say firm power was power that you could deliver for every day in the year, 365 days in the year, and every hour in the day for 365 days in the year.

Q. Well now, I understand that the design of the plant at Beauharnois is so designed as to create or to be capable of developing 500,000 horse power. Is that your understanding?—A. Well, that is my understanding but—

Q. Well, wait a minute now. Do I understand that that amount of development is justifiable, or that at certain portions of the year a greater amount than the actual amount of firm power that would be created can be used?—A. I would not understand it that way. My understanding would be that that 500,000 horse power includes the spares that are necessary in that plant to care for accidents to machinery.

Q. Well, is it justifiable in the development of this amount of water power with this amount of water on that head?—A. I want to add one more word to what I said. You also need an excess capacity in order to take care of very low heads that will be forced on you through ice elements.

Mr. LENNOX: Let Mr. White finish his question.

The WITNESS: I was trying to finish my answer.

By Mr. White:

Q. The point is that for the reasons you have indicated the installation of machinery capable of developing 500,000 horse power is justifiable.—A. I would say—

Q. And good engineering.—A. Well, it is not bad engineering. I have to investigate the thing to make sure it is good engineering. It is not bad engineering as far as it impresses me.

Mr. WHITE: I think that is all.

By the Chairman:

Q. Just one question, Mr. McLachlan. To develop 500,000 horse power, whether you call it firm power, or intermittent power or any other kind of power, as I understand it there would have to be more than 53,000 second feet put through the dam.—A. Oh, yes, that is true.

Mr. JACOBS: How much?

Hon. Mr. MACKENZIE: We could figure that out.

Mr. WHITE: It won't take a minute.

The WITNESS: I make it 62,500 cubic feet per second.

Mr. MORIN: With an additional 9,000 to what they have got now.

Mr. WHITE: Yes.

By Mr. Stewart:

Q. What were your figures?—A. 62,500 cubic feet per second.

Mr. JACOBS: Instead of the 53,000 which they have now.

The CHAIRMAN: Yes. Are there any more questions that you wish to direct to Mr. McLachlan?

Mr. MORIN: No, Mr. Chairman.

The CHAIRMAN: Mr. White?

Mr. WHITE: Nothing more. Before the next witness is called, Mr. Chairman, there has been a considerable amount of discussion as to what in the order in council the expression "the said works" meant. May I call your attention to something which would appear to conclude the matter. If you will turn to page 7 of the evidence as printed, at the meeting of June 23, 1921, referring to order in council P.C. 1122 which is dated June 27, 1929, and which is the order in council approving of the agreement between the Dominion government and the Provincial government of Quebec, and which agreement is Appendix A to the order in council, it reads as follows:—

Memorandum of Agreement between His Majesty the King, in the right of the Dominion of Canada, and His Majesty the King in the right of the province of Quebec—

Mr. CANNON: Mr. White, what page is that.

Mr. WHITE: Page 7 of the proceedings of June 23. This order in council reads:—

Whereas by order of the Governor in Council dated the 8th day of March, 1929, approval under the Navigable Waters Protection Act was granted to the Beauharnois Light, Heat and Power Company, of certain projected works mentioned therein.

And whereas one of the said conditions was that the company should, before commencing construction of any part of the approved works, procure the execution by the Province of an agreement with and to the satisfaction of the Dominion respecting the maintenance by the Province of the said works in the event of same becoming the property of the Province in a complete state.

And whereas it was a further condition of such approval that upon termination of a certain emphyteutic lease dated the 23rd day of June, 1928, granted by the Province to the Company, or upon termination of

the rights granted thereunder, or in case the approved works or any part thereof should become the property of the Province while in an uncompleted state, the approval should cease and determine.

And whereas the Province has agreed accordingly. Now therefore in consideration of the premises, this Indenture witnesseth as follows:

1. The Province hereby undertakes and agrees—

Mr. LENNOX: May I interrupt you here. Supposing that it does not become the property of the province in a completed state, what effect does that have?

Mr. WHITE: It is covered by this clause I am reading here.

Mr. LENNOX: It seems to me that it is only anticipating the Province taking over.

Mr. WHITE: That is what it is anticipating.

Mr. LENNOX: If the Province does not take it over what is the effect upon Beauharnois.

Mr. WHITE: I am only citing this order in council now because I think it is conclusive as to what the expression "said works" means. You see, we have had a good deal of difficulty about that. It says:—

The Province hereby undertakes and agrees that should the works approved by the aforesaid order in council of the 8th day of March, 1929 (P.C. 422), or a part thereof in a completed state become the property of the Province, in any manner other than by assignment or by termination of the emphyteutic lease of the 23rd day of June, 1928, or of the rights granted thereunder, the Province will either transfer the same to the Dominion or will maintain the same or cause the same to be maintained in a proper state of repair and in such manner that the facilities of navigation upon and through the canal (which is part of the approved works), shall not be less than when the same works or any part thereof so became the property of the Province.

It seems to me, in the face of that, it would be idle for anyone to argue that what was intended to be approved was the whole plan and not any part of it simply because the Navigable Waters Protection Act gives the authority to the Governor in Council to approve of works such as are mentioned in the Act itself, because the order in council here recites—

The CHAIRMAN: I do not think either Mr. Hellmuth or Mr. Montgomery were very serious in their arguments.

Mr. WHITE: Be that as it may, this seems to be conclusive, and I recite it now because of the fact that it is the intention, I understand—and I should ask Mr. Cameron what his views are, and the other engineers what their views are, about the works referred to. And, in answer to Col. Lennox:—

. . . . and the Province will do nothing whatever to interfere with or affect navigation upon or through the said canal or the use of such facilities therefor: Provided that should the Province in such case not operate or should the Province thereafter cease to operate the said works for the production of hydro-electric energy or other power, it shall not be liable to maintain and repair any part of the said works, but will permit the Dominion to have complete access to any lands, works or property of any kind whatsoever in the possession or control of the Province, for the purpose of maintaining the said works or any part thereof in a proper state of repair.

2. The aforesaid undertaking of the province is given upon the understanding that upon the termination of the emphyteutic lease of the 23rd day of June, 1928, or the rights granted thereunder, or in case the

approved works or any part thereof should become the property of the province while in an uncompleted state, the approval of the said works by the Governor in Council shall cease and determine.

That is, if the province is going to complete them, or if they pass into their hands before they are completed then the approval goes by the board.

Mr. LENNOX: That is a funny section, because it seems to provide for certain conditions if the province takes it over in a completed state or in an uncompleted state, and apparently no provision if they carry on themselves.

Mr. CANNON: That would have to be read in conjunction with the order in council and the agreement passed between the province and the company. They provide that under certain conditions the province may take over the work.

Mr. WHITE: Yes, but if the province does not take over the work either in a completed or an uncompleted state—

Mr. LENNOX: What happens?

Mr. WHITE: Then they have granted certain rights which are exercisable rights by the grantees that is, the Beauharnois Company, in accordance with the act of incorporation of that company, the Act of the Legislature of Quebec, and also subject to the conditions laid down by order in council P.C. 422 during the term of the emphyteutic lease. In other words, if there is no default or expropriation they may carry on in that way and it is, therefore, not necessary for this order in council to cover that situation.

Mr. LENNOX: Then if there is no expropriation by the province they carry on under P.C. 422 and under their charter.

Mr. WHITE: It is an Act of Parliament and provides something more. I mean it gives them, or purports to give them very substantial rights that is, the right to withdraw 40,000 cubic second feet.

Mr. JACOBS: Is Mr. Montgomery not going to question Mr. McLachlan, or any person representing the Beauharnois Company.

The CHAIRMAN: Is it the view of the committee that Mr. Montgomery, or anyone representing the company, be permitted to cross examine Mr. McLachlan.

Mr. LENNOX: I think so.

Mr. WHITE: That is a matter that will have to be determined by the committee. My understanding of the general rule in regard to investigation of this kind before select committees of parliament is that the committee counsel are the ones to conduct the investigation.

The CHAIRMAN: Quite right.

Mr. WHITE: And that any questions that are to be asked are ordinarily asked through counsel for the committee, and that except with the permission of the committee, which may be granted, other counsel have no rights. I have not raised that point till now.

Mr. LENNOX: Why should you raise it? Are not we here for the purpose of investigating, and if there is any question to be asked by Mr. Montgomery surely he should be permitted to ask it.

Mr. WHITE: I am not raising it except to get from the committee a ruling for my own future guidance. I am not even suggesting that either Mr. Montgomery, or Mr. Hellmuth, or Mr. Forsythe or Mr. Starr have not the right to ask questions—

Mr. LENNOX: What is the use of them being here.

Mr. JACOBS: It is a one-sided arrangement entirely if only one counsel can examine and the other side cannot.

Mr. LENNOX: I think you are right technically, but you are not going to confine me to that.

Mr. WHITE: I am entirely in the hands of the committee, and whatever their wishes are are my law, and I am not making any suggestion other than that the matter should be settled and probably determined from time to time.

Mr. LENNOX: Well, you know my views.

Mr. WHITE: They coincide with mine, because it relieves me of a lot of responsibility.

Mr. LENNOX: I think it is only fair that both sides should have the fullest investigation.

Mr. JACOBS: It is the first time I have agreed with Mr. Lennox on anything.

The CHAIRMAN: And you are both wrong.

Mr. LENNOX: Technically I may be wrong.

The CHAIRMAN: I think there is no doubt about what are the general rules covering a committee of this character. All questions should properly come from counsel representing the committee; but the committee has authority, if they care to exercise it, to permit anyone representing any interested party to ask questions either through the committee's counsel or direct if the committee so agree. And, as Mr. White has just said, I think from time to time the committee may be called upon to make rulings as we proceed as to the propriety of various counsel representing various interests adopting a course in the investigation. However, we should not run into any difficulty there. Counsel representing the various interests will, I am sure, be astute to see that they do not hold up the investigation unduly.

Mr. LENNOX: The public are watching the proceedings here, and if the idea gets abroad that we are restraining anyone it will have a very bad effect, and it may be suggested that this is a whitewashing committee. Now, if we give the Beauharnois people the same opportunity as counsel for the committee people cannot say that.

Sir EUGÈNE Fiset: May I suggest, Mr. Chairman, that we have already created a precedent when Mr. White asked Mr. McLachlan to appear as a witness and we insisted that the other engineers be also heard.

The CHAIRMAN: And I think that we decided properly. If there are any questions that any counsel desires to put to Mr. McLachlan that are going to be helpful, I think it is the view of the committee that they be permitted to ask them. Mr. McLachlan has exhausted, in my view, probably his conception of this whole project; but there may be some questions that counsel interested may desire to direct to him, and it is the view of the committee that they be permitted to do so. Mr. Montgomery, do you care to ask Mr. McLachlan any questions.

Mr. HELLMUTH: Mr. Chairman, I understand that the other engineers of this Joint Board are to be called.

Hon. Mr. MACKENZIE: The Joint Committee not the Joint Board.

Mr. HELLMUTH: Yes, the Joint Committee of Engineers. I would suggest, if it is agreeable to the committee, that until those engineers have been heard, and when they are heard and questions may arise, that we might be allowed to defer putting any questions to Mr. McLachlan for the moment. He could be recalled for any questions after all the engineers have been heard, if it were necessary.

Mr. WHITE: I wonder if that is quite fair to Mr. McLachlan.

The CHAIRMAN: Hardly. I do not think it is fair, Mr. Hellmuth. And it might in turn be unfair to the next witness. The last witness would probably get the best of it, or the worst of it as the case may be.

Mr. HELLMUTH: Well, until we hear what the story of the various engineers is it is rather difficult to understand what matters should be dealt with in any further examination of Mr. McLachlan.

The CHAIRMAN: The view of the committee seems to be, Mr. Hellmuth, that if counsel other than the committee counsel desire to direct any questions to Mr. McLachlan, by way of explanation or by way of cross-examination, it should be done now in fairness to Mr. McLachlan, and I think that it would probably work out better.

Hon. Mr. MACKENZIE: That does not prevent any member of the committee recalling Mr. McLachlan subsequently if they so desire, or any other witness.

The CHAIRMAN: Have you any question now, Mr. Hellmuth, to direct to Mr. McLachlan.

Mr. HELLMUTH: No, I think not, Mr. Chairman.

The CHAIRMAN: The next witness then, Mr. White.

Mr. WHITE: Are any of the other counsel asking for permission to cross-examine Mr. McLachlan.

Mr. CANNON: No questions.

Mr. STARR: No questions, Mr. Chairman.

Witness retired.

KENNETH MACKENZIE CAMERON, called, and sworn. Examined by Mr. Morin.

By Mr. Morin:

Q. Mr. Cameron, you are chief engineer, Department of Public Works.—

A. Yes, sir.

Q. And have been for how long?—A. Since 1923, sir.

Q. Now, I understand that you were one of the engineers who signed the report mentioned in order in council, P.C. 422.—A. Yes, sir.

Q. Well, this committee would like to have your opinion as to the meaning of the words mentioned in this order in council P.C. 422 at page 16, condition 11, which reads as follows:—

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

What is meant by those words "detailed plans of construction."

Mr. CANNON: I do not know how it may interest my client, but in so far as it does I do not think the question should be put to this witness. Why should he be called to give us the proper construction of an order in council? He is an engineer.

Mr. MORIN: But he wrote the Condition himself.

The CHAIRMAN: It is the view of the committee, at least it is my view—

Mr. JACOBS: It is against the rules of evidence to ask a man to interpret a writing that is there and speaks for itself, that is, in a court of law.

Mr. WHITE: Mr. Chairman, Mr. McLachlan was asked that question, and I understand that one of the principle purposes in asking Mr. Cameron to come here was that he should put his interpretation on that very clause.

The CHAIRMAN: I understand that these engineers prepared this report, and they can at least tell us what they were preparing.

Mr. JACOBS: In any event, I think your ruling last week was that we make our own rules.

The CHAIRMAN: Pretty generally, yes.

Mr. JACOBS: And, of course, if that be so you can ask Mr. Cameron anything you like.

The CHAIRMAN: Proceed with your question, Mr. Morin.

By Mr. Morin:

Q. Will you answer, Mr. Cameron, please?—A. May I see the Condition? Mr. Chairman, at the time the committee prepared its report the committee had before it the application, with certain plans from this company submitted to the committee by the Minister of Public Works for its report. Following the practice in the Public Works Department we usually ask companies, when they make applications like this, to submit plans in more detail as they are able to work them up, as the committee is not able to spend as much time on a detailed study of the works as may be wholly necessary. The works are engineering works, and in a big construction like this there must be some detailed changes made as the works progress. The purpose then in asking that this be done was that they should furnish more detail as they were able to study the matter.

Q. Yes, but works in the river or works in the canal.—A. Oh, I would interpret that to cover all the works.

Q. All the works?—A. Oh, yes. To my mind, of course, they automatically divide themselves into two broad grounds, the one in the canal and the other in the lakes and the river section adjoining the lakes.

Q. Have they put before the Governor in Council their application which was a proposal for the diversion of the whole flow of the St. Lawrence; that was their first proposal.—A. I believe so.

Q. And in connection with this first proposal they had to prepare plans providing for a canal having a width of 4,000 feet.—A. Yes, sir.

Q. And in comparing the study Mr. Geoffrion modified his application and limited it to a diversion of 40,000 cubic feet.—A. Yes.

Q. And the plans were not changed at the time.—A. No.

Q. So the first plans provided for the whole flow of the St. Lawrence.

Mr. MONTGOMERY: We cannot hear you at all. Will you please get a little further away from the witness. What was the last question, please?

Reporter reads previous question as follows:

And in comparing the study Mr. Geoffrion modified his application and limited it to a diversion of 40,000 cubic feet.—A. Yes.

By Mr. Morin:

Q. The plans are only for 40,000.

Mr. MONTGOMERY: You said he altered the plans.

Mr. MORIN: He said his application, Mr. Chairman.

Mr. MONTGOMERY: But the plans are only for 40,000 second feet.

By Mr. Jacobs:

Q. The plans show 40,000 second feet, that is correct is it?—A. I do not think the plans show any 40,000 cubic feet.

Q. What do they show?—A. The application was for permission to pass through the canal 40,000 cubic feet.

Mr. WHITE: Let us get the original. Where is it?

Mr. MORIN: The plans attached to Exhibit No. 1.

By Mr. White:

Q. What took place at the hearing before the Hon. Mr. Elliott, who was Minister of Public Works, will appear in a few minutes, because I propose to read part of that to the committee so that they may be quite thoroughly informed as to what apparently Mr. Geoffrion did do at that time.

Mr. MONTGOMERY: Previous to its application, whatever the original contemplation had been, before they had come to Ottawa at all, they had been limited to 40,000 feet by Quebec, consequently when they came to Ottawa they could only come for 40,000 second feet.

Mr. WHITE: Mr. Montgomery's statement in regard to that might be capable of two interpretations. They had obtained a lease of 40,000 cubic second feet—

Mr. MONTGOMERY: Only.

Mr. WHITE: Of 40,000 cubic second feet.

Mr. MONTGOMERY: Only.

Mr. WHITE: I am not going to be subjected to interruptions of this kind, Mr. Montgomery.

Mr. LENNOX: Anyway, they got 40,000 cubic feet.

Mr. WHITE: They got a lease of not more than 40,000 from the province of Quebec, and Quebec purported to give them the right to divert that amount of water; but their plans and all of their literature, and everything else in connection with this—and after all we might as well get this clear now as at any other time, and my friend might as well understand that he is here with the permission of this committee and, as I say, I do not propose to be subjected to interruptions of this sort—

Mr. LENNOX: You should not be interrupted.

Mr. WHITE: And if my learned friend persists, I will have to insist on my rights, that is all.

The CHAIRMAN: Go on, Mr. White.

Mr. WHITE: What happened was that the lease was obtained from the province of Quebec in which Quebec purported to give them a lease by which they had the right to withdraw from the St. Lawrence river not more than 40,000 cubic feet a second; but all of the plans, all of the literature, all of the things which were given to the public, and the original application itself to the Governor General in Council, asked for and contemplated that ultimately the whole river would be diverted through this canal.

Mr. MORIN: And the plans were prepared accordingly.

Mr. WHITE: The original plans obviously contemplated the building of a ditch wide enough to accommodate the whole flow of the river, and big enough to accommodate the whole flow of the river. There never has been any real pretence to the contrary.

Sir EUGENE Fiset: I wonder, Mr. Chairman, if it would be permissible for me to ask if the plans attached to the order in council were also attached to the Quebec order in council or Quebec Act.

The CHAIRMAN: It is a perfectly right and proper question.

Sir EUGENE Fiset: I would like to know that, sir, if those plans are exactly the same in Quebec as they are here in the Privy Council.

Mr. WHITE: We have the act of the Quebec legislature here; it is filed as an exhibit.

Mr. MORIN: The lease provides for that, and it was filed with the government.

Sir EUGENE Fiset: The lease provides for that?

Mr. MORIN: Yes.

Mr. DORION: Section 22.

Mr. WHITE: Section 22 of the Act of Incorporation says:—

It shall be lawful for the company to deposit, in the office of the Minister of Lands, Mines and Fisheries, a plan and book of reference, certified by the secretary of the company, of any of its system of works, indicating the systems and their location and giving all information necessary to make the description thereof understood, and to designate such systems under said plan and book of reference by one or more special numbers of designations different from the numbers and designations on the official plan of the cadastre of the municipality or municipalities in which such systems are situated; and the Minister of Lands, Mines and Fisheries shall receive such plan and book of reference, and if found correct, shall send a certified copy to the registrar—.

I think that hardly covers the situation because it apparently is the foundation for the right to expropriate similar to the right given in the Railway Act. It is here somewhere.

Mr. STARR: It is cited in the Privy Council order.

Mr. WHITE: I think the situation is covered by part of 11A in which it says,

The company shall not enter into possession of any property of the Crown for the purpose of exercising any power conferred by this act or otherwise, without first having obtained the right so to do from the Lieutenant Governor in Council.

I should think on the application the Lieutenant Governor in Council would have to say—

Mr. LENNOX: What point are you trying to make?

Mr. WHITE: Sir Eugène Fiset wishes to know whether similar plans to the ones attached to exhibit 422 were deposited and approved by the Lieutenant Governor of the province of Quebec.

Sir EUGENE Fiset: Exactly; and then we shall know if both occasions are similar. Then we shall know if the plans deposited with the Privy Council are similar to those deposited with the Lieutenant Governor in Council.

Mr. MONTGOMERY: May I be permitted, you will find an answer to that at the top of page 3 in P.C. 422.

Mr. WHITE: Just a moment, and I shall clear the situation. Exhibit 22, which are the sessional papers, 136A, page 564, which is part of the lease granted by the province of Quebec to the Beauharnois company.

Sir EUGENE Fiset: Mr. White, I have the answer to what I am seeking on page 3, the first paragraph. The plans were submitted to the province.

Mr. WHITE: The order in council says so.

Sir EUGENE Fiset: Yes.

Mr. WHITE: Here is what is said in the actual lease about that. This is clause 12 of the lease, on page 564 of this exhibit: "This lease is granted without prejudice to the rights of third parties nor to Federal and provincial laws concerning navigation, mines and fisheries and the driving of logs.

Furthermore, before beginning any work on the premises hereby demised, the lessee shall, according to the provisions of Chap. 46 of the Revised Statutes of Quebec, 1925, and to those of the present clause, submit to the lessor for his approbation, copies of all plans including elevations, profiles, sections of all other like other drawings showing and describing the projected mills, dams, power-houses, wharves, piers and other buildings, and similarly as well as of modifications and improvements thereof during the lease, and taking care to give full

particulars with regard to the capacity of works and machinery and its production, together with all information that the lessor may deem useful or necessary. Moreover, the lessee shall supply and furnish the lessor with copies of all data it may already have, or that it may obtain in the future concerning the flow and levels of the river."

Sir EUGENE Fiset: Then, we may take it for granted that the plans submitted with the order in council were also deposited with the province of Quebec.

Mr. MONTGOMERY: That is right.

Mr. WHITE: I do not know that you can take it for granted.

The CHAIRMAN: I presume anyone may take it for granted if they care to. I do not like to take anything for granted.

Mr. WHITE: I might also refer to Privy Council order 422, page 2 of the mimeographed copies which we have, where it says:

That the company, under date of June 23, 1928, was granted and amphyteutic lease by the provincial government of Quebec the rights of the province of Quebec to such part of the hydraulic powers of the St. Lawrence river that can be developed between Lake St. Francis and Lake St. Louis through a derivation canal on the right (southern) shore, having a maximum flowing capacity of 40,000 cubic feet per second, the province reserving the ownership and the free disposition of the surplus.

Now, I ask the committee to look at the wording of that section carefully, because it is not the right which is granted to take not more than 40,000 cubic feet a second, it is the right to build a canal of a capacity to draw 40,000 feet a second, "the rights of the province of Quebec to such part of the hydraulic powers of the St. Lawrence river that can be developed between Lake St. Francis and Lake St. Louis through a derivation canal—"leaving something out—"having a maximum flowing capacity of 40,000 cubic feet per second, the province reserving the ownership and the free disposition of the surplus." Our contention would be that in the face of that lease what they got was the right to build a canal of that capacity, and they built a canal of a very much greater capacity.

The CHAIRMAN: What interpretation do you put on the last line?

Mr. WHITE: "The province reserving the ownership and the free disposition of the surplus."

The CHAIRMAN: What is "surplus"?

Mr. WHITE: The whole flow of the river excepting whatever existing power rights there may be, which would be affected by diverting the water from the river St. Lawrence.

Mr. MONTGOMERY: Mr. White, do you mind my drawing the attention of the committee to a further clause of the lease which is recited in 13 of the recitals, on page 3 of our order in council 422?

Mr. WHITE:

The present concession is granted with the understanding that the lessee, who is presently negotiating with the federal government, shall obtain from the latter, insofar as its rights are concerned, the authorization to divert a flow of 40,000 cubic feet of water per second.

And the application, as you will remember, which was made originally for the right to divert an initial flow of 40,000 cubic feet a second, showing that at that time the company had in mind the acquisition, if possible, of the right to divert much more than 40,000 cubic second feet; and probably to apply to the province of Quebec for additional rights as time went on. The right to ownership and free disposition of the surplus shall be reserved to the province. I should like

just for a moment to refer to the meeting which took place in Mr. Elliott's office. It will be found in exhibit 22, the sessional papers, 136A, starting off on Monday, March 11, 1929. It starts at page 91 of that file. I have it in a rather convenient form in some papers which Mr. Gardiner gave me, and before Mr. Cameron proceeds with his evidence, I should like to read what actually did take place there.

Mr. STEWART: What date is this, Mr. White?

Mr. WHITE: The date of the meeting was January 15, 1929, and it starts out,

The application of the Beauharnois Light Heat and Power Company for permission to build a power canal on the St. Lawrence river was heard and inquired into by a sub-committee of the Cabinet on Tuesday, January 15, 1929.

This indicates what was in the mind of the members of the Cabinet who were then present. In other words what was actually before them was primarily not a question of works in the St. Lawrence river interfering with navigation, but was a withdrawal of 40,000 cubic second feet which made it necessary to place works which in themselves would not impede navigation, but aid navigation by supplying some means of replacing the possible damage to navigation, a remedy for that caused by the taking of this amount of water from the St. Lawrence. It says,

The application of the Beauharnois Light, Heat and Power Company for permission to build a power canal on the St. Lawrence river—

and so on.

The Hon. J. C. Elliott, Minister of Public Works, in the chair. There were also present Hon. Charles Stewart, Minister of Interior, and Hon. P. J. A. Cardin, Minister of Marine and Fisheries, Mr. K. M. Cameron, Chief Engineer of the Department of Public Works, and a number of counsel, engineers and others representing the different interests concerned.

Mr. Aime Geoffrion, K.C., was there representing the applicants; and Mr. L. A. Forsythe, K.C., appeared for the Cedar Rapids Manufacturing Company.

Mr. JACOBS: Shame, shame.

The CHAIRMAN: What harmony now prevails.

Mr. JACOBS: All's quiet on the western front.

Mr. WHITE: Mr. Gordon McDougall, K.C., appeared for the Canadian Light, Heat and Power Company, Mr. F. King, K.C., appeared for the Dominion Marine Association, and Mr. A. F. W. MacCallum appeared for the Shipping Federation of Canada, and Mr. A. G. Long and Mr. D. L. McCarthy, K.C., appeared for the Soulanges Power Company.

The CHAIRMAN: Did anybody appear for the Canada Steamship Line?

Mr. FORSYTHE: Mr. MacCallum appeared for the Canada Steamship Lines, and Mr. Thompson who was, I think, the secretary of the Canada Steamship Lines, also made a statement there.

Mr. WHITE: This of course, runs over some 60 pages.

The CHAIRMAN: Did anyone represent the Great Lakes and Atlantic—

Mr. FORSYTHE: Mr. R. L. Calder.

Mr. WHITE: Apropos of the discussion which we have been having, it perhaps might be to advantage to have the views of Mr. Geoffrion as there expressed, and at the risk of being somewhat tiresome in expressing this in my voice rather than Mr. Geoffrion's, may I just point out the difference to the committee.

The CHAIRMAN: I cannot think of anything more tiring than to hear one lawyer read what another lawyer says.

Mr. MACKENZIE: Except listening to them.

Mr. JACOBS: That is why you got out of law, is it?

Mr. WHITE: "Mr. Minister and gentlemen, our application is an application exclusively under the Navigable Waters Protection Act, chapter 140 of the Revised Statutes for approval of works, under section 7. It is that and nothing but that."

Mr. LENNOX: Are you reading a letter from Mr. Geoffrion?

Mr. WHITE: No, what he said at that hearing.

I wish to emphasize this point. I shall have to refer to the terms of the Statute more fully, so I will leave the reading of it till later on. I simply want to emphasize that point because, judging by the memoranda filed in opposition to our application some time ago, and judging by the appearances here, I think there is a very great misconception, either as to what our application is, or as to what the Statute says, and I hope that we may shorten the discussion. In fact we should, I submit, eliminate three of the five parties on account of the character of the application and on account of the nature of your jurisdiction.

As I say, our application is exclusively under the Navigable Waters Protection Act. That Act, section 2, paragraph B, is first material because it defines what is a "work" as our application is one for approval of works, and the jurisdiction given is a jurisdiction to approve of works. Section 2 says:—

(b) "work" includes any bridge, boom, dam, aboiteau, wharf, dock, pier or other structure, tunnel or pipe, or telegraph or power cable or wire and the approaches or other works necessary or appurtenant thereto, or any work, structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.

Now, it may occur to the members of the committee that a work which is not in the river, not on any part of that river, which is not placed in, upon, over, under, through or across any navigable river, may interfere with navigation.

We may therefore shorten that provision and say that the word "work" means any work, structure, or device that may interfere with navigation.

Section 4 reads:—

No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the Governor in Council.

Mr. LENNOX: In that connection, was this work that is upon their own private property approved of by the Governor in Council?

Mr. WHITE: Yes, that is part of the application.

Mr. LENNOX: I know, but was it approved of?

Mr. WHITE: Yes, the plan says so, the plan attached to Exhibit 1.

Mr. LENNOX: Was it approved of by the Governor in Council?

Mr. WHITE: The order in council says so.

The CHAIRMAN: There can be no argument surely, about the divisibility of the works on the private property and those on the river.

Mr. LENNOX: There was an argument.

Mr. WHITE: A very strenuous one.

The CHAIRMAN: Well, there was a strenuous argument. Those representing the Beauharnois Company will, I think, admit that there is not any divisibility because there certainly was no divisibility in the financing of this project. They could not sell a bond if there had been. That is the way it strikes me.

Mr. WHITE: At page A-7, Mr. Geoffrion continues,

In all there is nothing but the exercise by the Dominion of its jurisdiction over navigation. The words of the Statute in all the sections I have read—2 (b), 4, 5, 7 and particularly 10—show clearly that the regulation can be only for navigation purposes. The Dominion Parliament therefore, if we leave aside the question of fisheries, has but one jurisdiction over these rivers, and the Dominion Executive has only one jurisdiction; it is the jurisdiction given by this Act, which is to decide in lieu of the Court whether or not there is any interference with navigation. If there is no interference with navigation the Dominion has nothing to do with the matter—

Mr. Geoffrion's contention being if there was interference with navigation, then the course of the Dominion authorities was by application to the courts to restrain or take some action which would remove any obstruction or interference, and that the meaning of the Navigable Waters Protection Act is that it substituted the Governor in Council for the court.

—and I say that if there is no interference with navigation it is, under the order of parliament and under the provisions of our constitution, the duty of the Governor in Council; they are not enforceable in law—it is the duty of the Governor in Council to approve and not to block a concession made by the province on its property, just as he should not block a concession made by an individual on his own property, unless the Dominion's own jurisdiction is affected and the Dominion Government fears interference with navigation.

Mr. LENNOX: Do you agree with that?

Mr. WHITE: In the exercise of that jurisdiction and subject to this, I would agree with what Mr. Geoffrion says, that in the exercise of that jurisdiction the power having been delegated, the power of parliament to legislate having been delegated to the Governor in Council, that delegated power must be construed strictly, and does not convey to the Governor in Council any right beyond that which is in the express words of the Statute.

Mr. LENNOX: Is this within the express words?

Mr. WHITE: And that the right to draw water from a navigable stream, which may interfere with navigation, although incidental to an application for the approval of works under the Navigable Waters Protection Act, is something beyond what was delegated to the Governor in Council by the Act.

Mr. LENNOX: Is this within—

Mr. WHITE: If you will allow me to complete my statement, because somebody is going to read this and criticize it perhaps.

Mr. MACKENZIE: Think so.

Mr. WHITE: In other words, the right given to the Governor in Council by the Navigable Waters Protection Act, apart from giving the Governor in Council the right to approve of certain works to be built in, upon, over, under, through or across any navigable stream, gave it no right to grant or make a grant or a concession of any property of the Crown under the right of the Dominion of Canada.

Mr. LENNOX: Then, you disagree with that.

Mr. WHITE: To that extent, yes.

Mr. JACOBS: What property was granted, Mr. White?

Mr. WHITE: The order in council as I read it, purports to grant whatever rights—the digging out and the flow of 40,000 cubic feet of water of the St. Lawrence river, and the right to divert that from the river.

Mr. MACKENZIE: So, your opinion differs from that of the Department of Justice at the time.

Mr. WHITE: Not entirely.

Mr. MACKENZIE: It is a matter of argument.

Mr. WHITE: There is something to be said for the opinion of the Department of Justice.

Mr. MACKENZIE: There generally is.

Mr. JACOBS: That is very kind of you.

Mr. WHITE: Well, I do not wish my remarks to be understood to be at all facetious.

Mr. MACKENZIE: You are quite entitled to your opinion.

Mr. WHITE: Well, I am not criticizing the opinion of the Department of Justice. It does become a serious question, and the opinion itself of the Department realizes that. One who reads it, could not help but think there must be very considerable questions in the minds of the gentlemen who wrote the opinion.

Mr. JACOBS: It was not very, very difficult.

Mr. WHITE: No? It is fairly arguable.

Mr. MACKENZIE: It certainly is.

Mr. WHITE: The view I am endeavouring to place before the committee is this, if there were any rights of the Dominion given away by the approval of these plans by order in council No. 422, the only person or the only body who could give these rights away is parliament, and not the Governor in Council.

Mr. LENNOX: I suppose that is the substance of the whole argument.

Mr. WHITE: Yes, that is the meat of it.

The CHAIRMAN: Mr. White, just before you leave that. Have you been able to find anything in the Navigable Waters Protection Act that gives the Governor in Council the right to permit the diversion of any water presently navigable from its, shall I state, natural state? Is there anything in the act to permit it?

Mr. WHITE: Nothing directly.

The CHAIRMAN: Where do you get it indirectly?

Mr. WHITE: The opinion of the Department of Justice at this time was inasmuch as the Governor in Council had the right to approve of the works. Now, if that is to be construed, if the word "works" is to be construed according to the contention my friend raised the other day to apply only to works in the river, any right which they got from the Dominion to divert water—

Mr. LENNOX: Put it the other way, assuming it covered everything.

Mr. WHITE: Assuming they had the right to approve of the other—if these works are to be divided as it was sought to do the other day—

Mr. LENNOX: Assuming that they are indivisible.

Mr. WHITE: I say if they are to be divided then the Dominion had the right to approve of the works in the river, the remedial works and nothing else.

Mr. LENNOX: Assuming they are indivisible, what is left?

Mr. WHITE: Then the same result follows unless—I agree as the Deputy Minister of Justice points out in his opinion, that the diversion of the 40,000

cubic feet was incidental to the approval of the works in respect to navigation. That is the way he puts it. In other words, what he says is this: if an application is made for the approval of certain works which are clearly within the jurisdiction of the Governor General in Council, as aids to the or obstruction of navigation, and incidentally it involves a consent to the diversion of 40,000 cubic feet per second, then the Governor General in Council has the right to approve of the plans notwithstanding that incidental thereto the approval involves permission to withdraw. That is his opinion. Now, as I say, I—

The CHAIRMAN: In this case the acceptance seems to have been the main event.

Mr. WHITE: I was just going to say from those proceedings here if there had not been a diversion of 40,000 cubic feet there would have been no contention of the Dominion government at all, there would have been no reason to come before the Governor in Council at all. It is by reason of the diversion of that water that they come here and they come here and say, we have got the right from the province of Quebec to divert 40,000 cubic feet, and that may have some effect on navigation there—

Mr. LENNOX: You questioned the right of the Governor in Council to grant it?

Mr. WHITE: To grant the right to divert 40,000 cubic feet.

Mr. LENNOX: Upon what grounds?

Mr. WHITE: On the ground that they have no right—the only authority under which the Governor in Council has any rights is under the Navigable Waters Protection Act. Mr. Geoffrion makes it abundantly clear that that was the contention of the Beauharnois Company. That act does not give them the right to give away something, or to divert water which may have an effect on navigation. That is, they have no right—

Mr. LENNOX: Then, is your contention confined solely to the fact that the Governor in Council in granting certain rights exceeded their authority?

Mr. WHITE: That is not the sole contention; that is one, and only one.

Mr. LENNOX: I am speaking of that.

Mr. WHITE: That is one of the contentions.

The CHAIRMAN: Well, let us get on.

Mr. WHITE: I think, perhaps, while I am on that subject, if Mr. Cameron does not mind, it might be well for me to finish reading, because it is incidental to the question that has been raised during the examination.

Then, Mr. Geoffrion goes on to say:

If there is no interference with navigation the Dominion has nothing to do with the matter, and I say that if there is no interference with navigation, it is, under the order of parliament and under the provisions of our constitution, the duty of the Governor in Council—in so far as there can be any duties on the Governor in Council, they are not enforceable in law—it is the duty of the Governor in Council to approve and not to block the concession made by the province on its property, just as he should not block the concession made by an individual on his own property, unless the Dominion's own jurisdiction is affected and the Dominion Government fears interference with navigation.

Now, I must remark there, that one must look at the Navigable Waters Protection Act for what it is. It is a delegation of authority; it is the substituting or the creation of a tribunal or arbitrament of a dispute, a convenient way of providing the mechanics for settling whether certain rights may be exercised or not accordingly as they are or are not in—

The CHAIRMAN: On navigable streams.

Mr. WHITE: An interference with navigation.

Mr. LENNOX: It has the same effect as any other statute.

Mr. WHITE: Not quite.

Mr. LENNOX: Why not?

Mr. WHITE: It must be construed strictly.

Mr. JACOBS: All statutes are to be construed strictly.

Mr. WHITE: No.

Mr. LENNOX: Would you go to the Appellate Court and argue something that the statutes do not contend?

Mr. WHITE: No.

Mr. LENNOX: You might try, but you would not succeed.

Mr. WHITE: Of course, I never have.

Mr. LENNOX: You are more honest than I.

Mr. WHITE: Obviously.

Mr. LENNOX: That is why we retained you.

Mr. WHITE: What I say therefore, is, that if a statute of that kind, which obviously never was intended to confer upon the Governor in Council any authority to give away anything belonging to the Dominion, or to authorize the diversion of water even although it does or may interfere with navigation. In other words, the right to approve of certain works which may or may not impede navigation, does not authorize the Dominion to—

The CHAIRMAN: The Governor in Council.

Mr. WHITE: The Governor in Council to consent to a diversion—putting it broadly, to divert the water from a navigable stream such as this.

The CHAIRMAN: Your suggestion is that this authority is expressly within the jurisdiction of the parliament of Canada, and this can only properly be done by a special act of the parliament of Canada.

Mr. WHITE: Yes.

Mr. JACOBS: Does Mr. White expect us to decide this question, Mr. Chairman?

The CHAIRMAN: I hope he does not expect me to.

Mr. WHITE: The Supreme Court would not decide it, and I do not see why we should not decide it here and show them the way.

Mr. JACOBS: It is asking this committee a good deal to request them to decide this highly technical question.

Mr. LENNOX: I suppose if you were appointed a judge you would not know more than you do as a lawyer?

Mr. JACOBS: I would not know as much.

Mr. WHITE: Then there was a considerable amount of discussion and Mr. Geoffrion made it quite clear that what they were seeking to do was to divert 40,000 cubic second feet, and after a good deal of discussion pro and con, in which my friend Mr. Forsythe took an active part, Mr. Geoffrion dictated an amendment to his first application, and I have it here. On page A 58 of the minutes of the hearing as they appear in Exhibit 22—just let me go back to page A-57 to catch the connection—the chairman says, “May I just call attention to this? We are not getting far with the objections from the navigation standpoint to the scheme proposed, the scheme under consideration. I think perhaps this will be satisfactory to everybody, and I hope it will be, that at the earliest opportunity, perhaps at lunch time, Mr. Geoffrion will do as Mr. Cardin has suggested, and as I understand he is agreeable to doing—put into writing what he states is the scheme he proposes, so as to let the gentlemen who wish to object

to have that before them in the subsequent discussion; and in the meantime we will proceed with the objections from the navigation standpoint to that scheme as it has been defined by him verbally."

Mr. GEOFFRION: May I suggest this? Could I dictate to the stenographer here what I will put in writing? And then he will transcribe it at lunch time and I will sign it for the afternoon, so that they will know exactly what it is. It is so easy! I have said it already a number of times.

The CHAIRMAN: I should think so.

Mr. GEOFFRION: It is not a very complicated thing. It will be very short.

(Dictating) The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the company between these two points; and any conditions that the government may exact, in any wording satisfactory to the government, involving that limitation, is accepted in advance by the applicant.

If words could be clear, what was actually being applied for was the approval of hydraulic development.

The CHAIRMAN: Just one question before we adjourn. Is this discussion taking place with respect to the amended application?

Mr. WHITE: It is the amended application. At the suggestion of Mr. Elliott, who was chairman, after a long discussion as to what this application really was. It was decided to put in writing just what the scheme proposed.

The CHAIRMAN: Then, Mr. White, Mr. Geoffrion's interpretation of it ultimately prevailed?

Mr. WHITE: It went into the order in council.

The CHAIRMAN: Went into P.C. No. 422.

Mr. LENNOX: What did he gain?

The CHAIRMAN: He gained—

Mr. MACKENZIE: We do not know yet.

Mr. LENNOX: Subject to this investigation, what did he gain?

Mr. WHITE: He gained the right from the Dominion to divert 40,000 second feet through this canal.

Mr. JACOBS: As the official adjourner, Mr. Chairman, I move we rise.

Committee adjourned until 2.30 p.m.

AFTERNOON SITTING

On resuming at 2.30.

Mr. MORIN: It might be interesting to the committee to complete the argument of Mr. White to add a few notes which I found in Exhibit No. 17, 804-1-D, from the Department of Justice; and this is what they say,

The only case approaching this in similarity where they have made an application to this department for approval of plans is the approval by order in council dated February 28, 1919 of the application made by the Hydro Electric Power Commission of Ontario for approval under section

7 of the Navigable Waters' Protection Act of the plan and description of the site of certain development works proposed to be constructed at the mouth and in the navigable channel of the Welland river which flows into the Niagara river at Chippewa above Niagara Falls, in the province of Ontario.

All similar works in Canada have been by charter and then they have had their plans for carrying out what they were permitted to do approved by this department and the Department of Railways and Canals, and the International Joint Commission in connection with the Michigan and Ontario Power Company.

The case most similar is the case of the Hydro Electric at Niagara.

Mr. MONTGOMERY: May I ask if this is a memo from the Department of Justice?

Mr. MORIN: From the Department of Justice.

Mr. MONTGOMERY: You are sure of that?

Mr. MORIN: Yes.

Mr. MONTGOMERY: It seems to be a copy of Mr. Hunter's letter to the Department of Justice. Are you sure that memo is not taken from Mr. Hunter's letter? Are you sure that is not an abstract from Mr. Hunter's letter?

Mr. MORIN: It is a legal argument, anyway.

Mr. MONTGOMERY: We have a letter here from Mr. Hunter and Mr. Hunter's letter includes an opinion from the Department of Justice.

Mr. MACKENZIE: That is on the record.

Mr. MONTGOMERY: It is a letter to the department; it is not one from the Department of Justice.

Mr. MORIN: I find it is attached to a memo of the Department of Justice.

Mr. MONTGOMERY: It is not a recital from Mr. Hunter's letter?

Mr. MORIN: Maybe. I quote this to inform the committee on certain facts, and on the point whether it comes from one department or the other, to my mind is not important. The importance is that it comes from a legal officer of the government.

Mr. MONTGOMERY: It does not come from a legal officer; it comes from the Deputy Minister of Public Works to the Department of Justice.

Mr. MACKENZIE: Is it signed?

Sir EUGÈNE Fiset: No.

The CHAIRMAN: As far as I can see it is a letter to the Deputy Minister of Justice who might have his own opinion.

Mr. MONTGOMERY: With regard to the lengthy argument of my learned friend this morning, I hope the committee appreciates we do not concur in his argument, and the fact that we have not replied should not—

Mr. LENNOX: I think the chairman will give you every scope.

The CHAIRMAN: Yes. There will be no misunderstanding about what went on this morning with respect to the position of counsel before the committee. I think it is the view of the committee that from time to time as counsel thinks it advisable to address questions to the witness the fullest opportunity will be given. The Committee is of the opinion that that ought to be done so that when our work is over we will be sure that nothing of importance is left out of the record. Of course, the committee will at all times have to determine questions as they arise as to their relevancy and usefulness, because we must get through this enquiry with the greatest possible expedition, and in that regard I offer the suggestion now to counsel that it is highly desirable in my view, and I think the committee concur in this, that we postpone in as far as

we can, any discussion on legal points until the evidence is fully disclosed and on the record.

Mr. MACKENZIE: Mr. Chairman, I am very glad to hear you say that. I was going to raise that question myself after luncheon. I think we are mainly concerned here with the finding of facts, and not the expression of any legal technicalities. That can very well be left until the evidence is all in.

The CHAIRMAN: There are too many lawyers in the room to come to an agreement.

Sir EUGÈNE Fiset: That is why we feel so diffident about it.

Mr. MONTGOMERY: I do not know that I am guilty of protracting this argument. My only question was about the plans, and what appeared in the plans.

Mr. K. M. CAMERON recalled.

By Mr. Morin:

Q. We have before the committee a copy of a plan annexed to the order in council, P.C. 422 which says, "A general plan of proposed development and typical canal section, being 40,000 c.f.s. diversion"?—A. Yes.

Q. Well, I suppose this plan is also prepared in view of the diversion of the whole flow of the St. Lawrence?—A. The plan was filed when they made the original application, whenever it was.

Q. So the general application proposed to the government to consent to the diversion of the whole flow? Is that so?

Mr. JACOBS: It says 40,000 c.f.s.

Mr. MACKENZIE: What I understood the witness to say was this, that this plan also called for 40,000 c.f.s. and the plan was filed when the original application of the company was filed and was subsequently altered?—A. That is my understanding, sir.

Mr. LENNOX: Subsequently what?

Mr. MACKENZIE: I understood Mr. Cameron to say that this plan was filed under the original application of the company which was subsequently withdrawn.

Mr. MORIN: Amended.

The WITNESS: That is my understanding.

By Mr. Jacobs:

Q. When was this filed?

Mr. MORIN: This was annexed to the application.

Mr. JACOBS: The order in council.

Mr. MORIN: The order in council.

Mr. MONTGOMERY: I do not agree, with all due respect, with Mr. Cameron. My instructions are, he is not correct in that. I think we should have the plan here as filed.

Mr. MORIN: This is supposed to be a copy.

Mr. MONTGOMERY: It has 40,000 c.f.s.

Mr. MORIN: We dispensed with the filing of originals and this file is supposed to be a substitute for the original plan. The original plan was only for a diversion of 40,000 feet.

Mr. WHITE: Let us have no misunderstanding about this. Surely we can get at the facts. The original plan, as I understand it, called for a diversion of 40,000 c.f.s. Looking at the plan itself, how wide are the banks?

Mr. MONTGOMERY: 4,000 feet.

Mr. WHITE: The distance between the banks?

Mr. MORIN: 4,000 feet.

By Mr. White:

Q. Looking at that canal, what would you say as to whether its capacity is limited to 40,000 feet a second?—A. That canal sir, would not pass the full flow as shown by that section.

Q. You do not understand my question. My question was, what would you say as to whether that section of the canal that you are looking at, that cross section of the canal— —A. Yes?

Q. Has a capacity greater than 40,000 c.f.s. at a flow of 2.25 feet per second?

Mr. MORIN: Velocity.—A. I would say it has a greater capacity.

By Mr. Morin:

Q. A greater capacity?—A. Yes.

By Mr. Mackenzie:

Q. Do I understand you correctly to say that that canal would not take the full flow?—A. No, sir.

Mr. WHITE: I did not get the question.

Sir EUGÈNE Fiset: Would not take the full flow.

Mr. MACKENZIE: He said "no."

By Mr. White:

Q. Now, in that connection, if it were 26 or 27 feet all the way across, and 4,000 feet— —A. I presume it probably would.

Q. And, of course, digging after the water is on is easier than it would be before, and dredging would be easier than digging with a shovel?—A. No, I do not think it would make much difference.

Q. You do not think it would make much difference?—A. No.

Mr. MACKENZIE: Was this the actual plan filed with the department? Can anybody clear up that?

Mr. MONTGOMERY: This is the plan filed with the application, and is the first plan, according to my instructions.

Mr. MACKENZIE: Twelfth July, 1928.

Mr. MONTGOMERY: The letter was dated 11th July, 1928. I have the letter.

Mr. WHITE: Is that to the Public Works department?

Mr. MONTGOMERY: The Governor in Council.

Mr. MORIN: Is this plan supposed to be a true copy of the first original plan?

Mr. MONTGOMERY: That is my understanding.

The CHAIRMAN: Does the witness know that?

The WITNESS: I have an appendix to the report of the Board of Engineers which shows the plan—

Mr. MACKENZIE: Committee of engineers.

The WITNESS: Committee of engineers. General plan of proposed development in typical canal sections, being 40,000 c.f.s. diversion, F. D. Brown, M.Sc. scale about 1,000 feet equals one inch, plans transmitted with letter 12th July, 1928, that was the plan of the committee of engineers.

The CHAIRMAN: Do we know this, whether there was a plan filed with the original application which was January 17th, 1928?

The WITNESS: I cannot tell you that offhand.

The CHAIRMAN: Who could?

Mr. JACOBS: Mr. Montgomery says it was.

Mr. MORIN: I was trying to clear up that. There was an agreement when Mr. Lemaire was here with the original plans—

Mr. WHITE: There were plans attached to the order in council, and it does not necessarily mean there were plans forwarded with the original application. However, Mr. Montgomery says that this was the first plan filed, and if he states that, I am willing to accept his statement.

Mr. MONTGOMERY: I have letters here. The letter in January says that, and according to my instructions these are the first plans.

Mr. WHITE: I am willing to accept Mr. Montgomery's statement, if he states that as a fact.

By Mr. Morin:

Q. Now, referring to this plan, we see the site of the intake to the canal, has the department approved of the plans as to the intake of the canal?

Mr. WHITE: Which department?

Mr. MORIN: The Department of Public Works.

Mr. JACOBS: No, the Department of Railways and Canals.

The WITNESS: Public Works. I have recommended the approval.

By Mr. Morin:

Q. Has the Minister approved of it?

Mr. MACKENZIE: Let us hear the answer.

The WITNESS: I have recommended approval of the plans which were approved on August 30.

By Mr. Mackenzie:

Q. When did you recommend the approval?—A. That was about the 13th of November, 1930.

Q. No action has been taken, so far as you know?—A. Not so far as I know.

By Mr. Morin:

Q. Do you think it would be necessary to have a guard lock—?

Mr. WHITE: Just before we leave that, Mr. Morin.

Q. Just in connection with this particular plan, has anything been approved by the department?

Mr. MORIN: That is annexed to the order in council?

By Mr. White:

Q. That particular plan at which you are now looking has not been approved by you?—A. This plan has not been approved, not recommended for approval by me—the company filed its detailed plans—

Q. The plan in August, that was forwarded August 22, 1930?—A. Yes.

Q. Was approved by you in November?—A. Recommended for approval.

The CHAIRMAN: Wait a moment. Who approved of the plan attached to order in council 422, what engineer approved of it?

The WITNESS: No engineer approved of the plan, sir, recommended approval of the scheme.

By Mr. Stewart:

Q. With conditions?—A. Yes.

By the Chairman:

Q. Is this the plan you made reference to?—A. This is the plan the company reported to council.

Q. With order in council 422?—A. Setting out the general scheme, but it was not the completed plans.

By Mr. Mackenzie:

Q. The general plan?—A. The general plan.

By the Chairman:

Q. 12 detailed plans accompanied it?—A. Yes.

Q. You saw that?—A. Yes.

Q. You are the engineer of the Public Works Department?—A. Yes.

By Sir Eugene Fiset:

Q. They were not working plans?—A. No sir.

By Mr. Lennox:

Q. If they were not working plans, what were they?—A. The plans issued for the general overall scheme of development.

Q. What are they working under now?—A. Working according to the revised submitted plans.

Q. What are revised submitted plans, because they withdrew revised submitted plans?—A. No sir, they never withdrew them to my knowledge, the plans of August 22nd.

Q. Yes, they wrote a letter asking that the two plans be withdrawn.

Mr. MONTGOMERY: No.

Mr. LENNOX: Yes.

Mr. WHITE: The letter of July 29, 1929.

Mr. LENNOX: The only point was whether the original plan had been superseded. Certainly the plan of July and the plan of August were withdrawn.

Mr. WHITE: No, Mr. Lennox.

Mr. LENNOX: Two plans were withdrawn.

Mr. WHITE: That is not quite correct. I think I shall clear that up. What happened was, that on July 29th, 1928, a letter of that day—

Mr. MONTGOMERY: July, 1929.

Mr. WHITE: Plans were filed with the department. Those plans were by a letter of August 22, 1930, withdrawn, and subsequent plans which Mr. Cameron says he recommended for approval in November were filed with the Department of Public Works.

Mr. LENNOX: Where are they?

Mr. WHITE: I suppose they are here somewhere.

Mr. LENNOX: Because they have not been produced before the committee.

Mr. FORSYTHE: Yes, they were.

Mr. LENNOX: My understanding was that the three plans were withdrawn also.

Mr. MONTGOMERY: That is where Mr. McLachlan is mistaken.

Mr. MACKENZIE: We have not been corrected, yet. That is the impression of the committee, I am sure that the plans were withdrawn, both plans in 1929 and 1930.

Mr. WHITE: I think, Mr. Mackenzie, you will recall that part of the plan which was withdrawn was sent in August, 1930, it was withdrawn, not the general plan of the work of the canal, but the remedial works.

Mr. LENNOX: You have the letter there, let us read it.

Mr. WHITE: I have it?

Mr. LENNOX: There is no use arguing over it. Tell me what happened. Is the work being carried on?

The WITNESS: Well, sir, maybe I can put it in another way. These were plans on which the company submitted their application, which were examined by the committee of engineers and reported to the department. One of the requirements we asked for and which was incorporated in the order in council which was, file plans in more detail. They came along in 1929, that was in July, filed a set of plans. These were not approved. In August, I think it was August 22nd, 1930 they then filed another set of plans. That file withdrew the plans that they had previously filed for a section of the river below Lake St. Francis down to Lake St. Louis, remedial works in the river below to control works at the outlet of Lake St. Francis. The first plans that have to deal with the canal and with the control works at the outlet of Lake St. Francis and not anything before the department now for approval in regard to the river section of Lake St. Francis and Lake St. Louis. That is my understanding, and the condition upon which I made—

By Mr. Lennox:

Q. May I ask you if there is any other plan filed with the department other than the original of this copy which we have here?—A. Sir, I am referring to the plans that were filed in—

Q. I am asking you if there are any other files there. Are there any other plans filed in the department other than the original of the plan that you have before you? Are there any other plans approved, other than the original?—A. No plans other than—

By the Chairman:

Q. Other than the original of this one?—A. Yes, sir.

Q. This accompanied 422?—A. Yes, sir.

Q. The original of this plan accompanied 422?—A. Yes, sir.

Q. Together with 12 detailed plans?—A. Yes, 12 altogether.

By Mr. Mackenzie:

Q. Was the original of this plan approved by a committee of four engineers?—A. Yes, I would say it was, subject to the—

Mr. WHITE: I have told you many times the report speaks for itself.

Mr. MONTGOMERY: Mr. White, you have surely asked to interpret time and time again.

Mr. WHITE: Now, let us clear up this other matter, Mr. Chairman. The letter of July 29, 1929, is exhibit No. 19, and it says this; it is addressed to the Minister of Public Works.

In pursuance of condition No. 11 of the order in council of the 8th March, 1929 (P.C. 422), approving the site and the general plans thereto annexed for the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now submitting for your approval 3 documents as follows—

Mr. LENNOX: That is section 11, the section which says, "no works can be commenced—

Mr. WHITE: Yes.

Listen to this, Mr. Chairman, if you please.

In pursuance of condition No. 11 of the order in council of the 8th March, 1929 (P.C. 422), approving the site and the general plan thereto annexed.

The document, Exhibit No. 2, to which you are referring, is it a blue-print of the plans which was annexed to the general plan, or one of the general plans annexed to the order in council, 422?—A. Yes.

Q. "For the works proposed to be constructed by this company along the St. Lawrence river between Lake St. Francis and Lake St. Louis, we are now submitting for your approval three documents or books as follows: Document No. 19; detailed plans of construction and information for the Minister of Public Works, etc. dated 9th May, 1929, containing memorandum of information and,—” and then there follows a certain number of drawings showing location of structures, preliminary cross sections through power house, and adjacent structures, preliminary cross section of power house, and so on. Now, I understood you to say that the plan which was submitted in this letter and which is here before the committee is a copy of it, and it was not agreeable to you, and you refused to recommend its acceptance or approval by the minister?—A. I did not find it wholly acceptable.

Q. You did not, as a matter of fact—A. Did not recommend approval.

Mr. MONTGOMERY: May I point out to the committee that that letter did not file these plans as superseding the plans attached to the order in council.

Mr. WHITE: That is what the letter says. But, as a matter of fact, my submission would be to the committee that in so far as they are different from the plans which are Exhibit 2, and which is the large plan we are now looking at, that it must necessarily be taken to have superseded the plan.

Mr. MONTGOMERY: That is an inference.

The July plans did not supersede the original plans at all. That is the interpretation or expression my friend used before, that the plans of August 30th superseded the plans of July 29th, the detailed plans of July 29.

Mr. LENNOX: It superseded two plans. They asked to supersede the plans.

Mr. MONTGOMERY: No, the plan which was attached to the order in council

Mr. LENNOX: Read the last sentence.

Mr. MONTGOMERY: We never superseded—

Mr. WHITE: The letter of July 29? The letter in which the expression superseding appears?

Mr. LENNOX: Yes

Mr. WHITE: August 22, 1930. "We shall be glad at any time to send a representative to furnish any further information or explanations which you may wish to have." This is a letter of July 29, 1929. The documents listed above are intended to supersede this sentence in that letter.

Mr. MONTGOMERY: We are arguing about nothing at all.

Mr. WHITE: We get quite a wrong impression.

The CHAIRMAN: The way I took it down is this, from the description of Exhibit 18, letter dated 22nd, 1930, from the Beauharnois Company to J. B. Hunter, plans attached substituted for former plans accompanying letter of July 1929.

Mr. WHITE: Yes, that is perfectly correct.

Mr. LENNOX: I do not think you are right there.

The CHAIRMAN: I may not be, but some witness said so.

Mr. WHITE: The letter says it.

Mr. LENNOX: My recollection is they did not supersede the original plans.

The CHAIRMAN: What were they filing the plans for, for fun.

Hon. Mr. MACKENZIE: The order in council calls for it.

Mr. JACOBS: It was a modification of the plans. It is a mere play on words, that is all it is.

The CHAIRMAN: There was a change from the other plans or they would not have filed them.

By Hon. Mr. Mackenzie:

Q. May I ask this question, with the Chairman's permission: What is the difference, as far as your recollection goes, between the plans filed in July, 1929, and that plan you have there before you.—A. There was a slight difference in the location. There was a difference in the type and method of proposed embankments,—not so much difference as an enlargement. This 1929 plan did not show, or practically showed nothing in detail about the embankments of the canal at all.

Q. Did you anticipate, when you submitted or approved of that plan you have now in front of you, that it would be necessary to submit ancillary or detail plans subsequently?—A. Yes, sir.

By Mr. White:

Q. And this would necessarily involve some modifications of the plans filed with and attached to the order in council?—A. Yes, sir.

Q. For instance, you say the location was somewhat slightly changed. I understand the mouth of the canal or the intake of the canal was changed about a mile in a northerly direction.—A. I do not know that that change took place wholly between this plan and the 1929 plan. It is shown more fully on the 1930 plan.

Q. Well, ultimately.—A. Ultimately.

Q. And that the width was reduced from 4,000 to 3,300 feet?—A. Yes, sir.

Q. That is, the width between the embankments?—A. Yes, sir.

Q. And that the character of the embankments was changed?—A. The method of construction.

Q. The character of the embankments is what I said.—A. The character of the embankments, I presume it would be quite proper to say there was a change there.

Q. And in the later plans, either the 1929 or the 1930 plans, it was changed, widened, and the form of it was changed?—A. Yes, sir.

Q. What was the original proposal as disclosed by the plan which you had in front of you for the construction of the embankments?—A. There is very little information given.

Q. So far as you have it in front of you is the question.—A. Practically nothing at all.

Q. How wide does it show?—A. It shows it 4,000 feet.

Q. How wide is the embankment?—A. It does not give any specific information about that.

Q. Are the embankments shown at all?—A. If you take those two representing the proposed embankments shown—

Q. When you say "those" you refer to what look like two towers on each side of the cross-section of this plan?—A. Yes, sir.

Q. That is, the cross-section of the canal, the one lower down on the plan?—A. And the upper one also.

Q. This, of course, obviously cannot be a completed embankment, because there must be some means of supporting those pillars which do not look to be

more than a few feet wide and twenty or thirty feet high.—A. Well, that is a matter of scale, sir. You see, from outside to outside there are 4,000 feet and on a vertical scale it is about 10 feet. It is distorted.

Q. Quite so; but how wide are those embankments shown to be according to that plan?—A. Well, that would be a matter you would have to estimate.

Q. Well, I am asking you to do that.—A. It would look to be, sir, about 100 feet wide.

Q. And how high?—A. The top height is at elevation 158, the top of the embankment.

Q. How high would that be above the ground line?—A. At this section about 21 feet. That is the maximum shown on the section.

Q. And, as a matter of fact, according to the way in which they are now being built the embankments are something over 200 feet wide, is that correct?—A. I think they are wider than that.

Q. Something over 200 feet wide?—A. Nearer 300 feet.

Q. And they are built now by building two earth embankments and filling in between those with sand dredge?—A. Yes, sir, hydraulic pipe line dredge.

Q. Which takes the material from the bottom of the excavation and dumps it into this trench which is made by those two embankments?—A. Yes, sir.

Q. And it dries out and forms embankments?—A. Yes, sir.

Q. And that is the way it is being built?—A. Yes, sir.

Mr. WHITE: That is all from Mr. Cameron.

By Mr. Lennox:

Q. Have you been down to the works, Mr. Cameron?—A. Oh, yes.

Q. And are you in charge of the works?—A. Well, for the Public Works Department. I presume I am in charge of the engineering, yes, sir.

Q. Well now, the work of course is in progress and a lot of men are being employed?—A. Yes, sir.

Q. Is the plan under which they are working, or has the plan under which they are working been approved either by the Governor in Council or by the Minister of Public Works, or by any person else?—A. No, sir. I have recommended the plan.

Q. Quite so.—A. Of the regulating works at the foot of Lake St. Francis.

Q. Following out what you say, what plan have you recommended?—

A. The plans filed under date of August 22, 1930.

Q. But they are withdrawn.—A. No, sir.

Mr. WHITE: Part of them were.

Mr. MONTGOMERY: They were not withdrawn, Mr. White. You have made that statement repeatedly.

Mr. WHITE: I understood from Mr. McLachlan that they had been withdrawn.

Hon. Mr. MACKENZIE: And so did I.

Mr. WHITE: And that there were now no remedial plans in either department, certainly in your department, for consideration.

The WITNESS: That is quite correct so far as the remedial works in the river below Lake St. Francis are concerned, there are no plans before the department, at least officially, for approval.

By Hon. Mr. Mackenzie:

Q. Are there detailed plans in regard to the general construction which you have recommended.—A. Yes, sir.

By Mr. White:

Q. Do they include the remedial works.—A. Not of the remedial works in the river section below Lake St. Francis.

Q. What do they include.—A. The works at the outlet of Lake St. Francis and the works in the canal from Lake St. Francis down to and through the power house and into Lake St. Louis.

Q. And how are you interested in how this canal is constructed.—A. Well, sir, under section I think it is 5 of the order in council and one or two other sections, the canal is ultimately at the discretion of the government possibly to become a navigation waterway.

By Mr. Jacobs:

Q. It is to be turned over to the government.—A. It is to be turned over to the government.

By Mr. White:

Q. So that the government is vitally interested not only in the plan but the manner of construction.—A. I take it so.

Q. And the character of it, I mean as to the workmanship, and so on.—A. Yes, sir.

Q. And, for that reason, your department is following it closely and getting periodical reports as to the progress of the work.—A. Yes, sir, consulting with the technical representatives of the company to secure the best possible work.

Mr. LENNOX: The government could be censured, possibly, for having people down there for all they do.

By Mr. Jacobs:

Q. How many government employees are down on the works now.—A. One.

Q. That is, from your department.—A. Yes, sir.

Q. From the Department of Public Works.—A. Yes, sir.

By Mr. White:

Q. There have been a great many more there, however.—A. Not resident on the works, sir. We have visited it from time to time. The work has been visited by regular government employees.

Q. It seems to me I have seen reports from a good many people.—A. They may have gone down from headquarters at my direction from time to time.

By Mr. Jacobs:

Q. But your department has complete supervision of the works as they proceed.—A. Yes, sir.

By the Chairman:

Q. Mr. Cameron, what date—if you can recollect it—was it you recommended for the approval of the Governor in Council the plan that the company is now working to.—A. About the 13th of November.

Q. Last year, 1930.—A. 1930.

Q. What date did the work actually start.—A. Well, they commenced in the fall of 1929 to assemble their plant.

Q. I mean the actual digging.—A. I cannot give you that actual date, sir.

By Mr. White:

Q. Could you by reference to your file.—A. No, I cannot give the actual date. I know it was in the spring of the next year.

By the Chairman:

Q. When were the plans that the company is now working to first submitted to you.—A. They were submitted formally on the 22nd August, 1930.

Q. They had been working for some time before that.—A. Yes, sir.

Q. On the plans that they are now working to.—A. Yes, sir.

Q. Now, when were those plans first submitted to you.—A. In August, 1930.

Q. Therefore, is it fair to take it that the company was actually at work on this scheme working to plans before you had ever seen the plans that they are now working to.—A. I do not think in fairness to the company it is quite right to say that, Mr. Chairman. An engineering project of that magnitude requires considerable engineering study and, if I may say it, the best engineering ability that can be brought together to secure the most acceptable work that is reasonably possible. Now, we have been consulting with the technical representatives of the company, discussing the types of construction.

Q. Let me put my question a simpler way. I thought it was plain enough. Am I right in assuming that the company actually started in on the work according to the present plans before you had seen the present plans.—A. Yes, sir.

Q. That is right.—A. That is right; but not before I had knowledge that they were in course of preparation.

Q. Someone had imparted to you that plans were in course of preparation.—A. Yes, and we had discussed details.

Q. Who with?—A. With Mr. Scovill.

Q. Was he an engineer employed by the Beauharnois company?—A. Yes, sir.

Q. Am I fair then in saying this, that the company went ahead working to the present plan on the assumption that you would ultimately approve of it?—A. I assumed that we would ultimately reach an agreement as to what plan could be recommended.

Q. But they were working to the present plan?—A. Yes, sir.

Q. Then am I fair in assuming that the company went ahead with their work working to the plans they are now working to on the assumption that you would ultimately approve of them?—A. Yes, sir.

Mr. WHITE: The Minister would, Mr. Chairman.

The CHAIRMAN: He cannot go into the Minister's mind for it.

By the Chairman:

Q. And, in fact, you did ultimately approve of the plans that were submitted to you by the Beauharnois company?—A. Yes, sir.

Q. In August sometime of last year?—A. Yes, sir, I recommended that.

Q. And the approval has not been granted yet?—A. No, sir.

Q. Did you, after reviewing the plans that you recommended in August, 1930, make any changes on the plans that were submitted to you for approval?—A. No, the changes were made,—there were some changes made subsequently to August 22, 1930.

Q. Let us get this right. On August 22, 1930, certain plans were submitted to you as the engineer, for approval?—A. Yes, sir.

Q. And you approved of them?—A. No, sir, not until November.

Hon. Mr. MACKENZIE: November 13.

By the Chairman:

Q. What changes did you make on the plans that were submitted to you on August 22, 1930?—A. One change I recall quite distinctly was the junction of the canal proper with Lake St. Francis. There is now a dyke, the so called Hungry Bay Dyke. The outlet to the company's plant, showed the 3,300 foot section extending out into the Dyke with nothing from bank to bank. That is

practically a full diversion. I said, my authority is limited in two ways, to the 40,000 cubic feet second diversion and to the 600 foot navigation channel 22 feet deep—

By Mr. White:

Q. 27 feet?—A. 27 feet deep, and so far as that is concerned any plan that comes to me for approval will show that and no more.

By the Chairman:

Q. Well, now, did the plans that you approved show just that and no more?—A. Yes, sir. I would not recommend it otherwise.

Q. But did not they show the banks much wider than that, the plans you approved?—A. They showed, on the land part, the banks 3,300 feet apart.

Q. Do not the plans that you approved indicate that there will be an overflow over all that land between the banks?—A. Oh, yes.

Q. Is not that a departure from what you say your authority was?—A. No, sir.

Q. It was in your contemplation that that overflow between the banks would take place?—A. Oh, yes.

Q. Why was that?—A. Well, that was on the company's own land and did not conflict with the 600 foot navigation channel, which was 27 feet deep, as provided, and it did not permit any greater diversion than the 40,000 cubic feet per second.

Q. And from a purely engineering standpoint, you concluded that that was the best method of construction, to have the water overflow between the banks in the wider channel?—A. Well, I did not deal particularly with that. All I wanted was to be sure that the water would stay within those banks, and that a boat could navigate up and down the 600 foot channel.

By Hon. Mr. Mackenzie:

Q. You are not looking at the power features at all, only the navigation features?—A. I do not pose as any specialist in power matters. I was concerned with the navigation features.

By Mr. Lennox:

Q. I cannot understand the present plan which you are working on, where is that plan?—A. I presume it is filed, sir.

Mr. WHITE: Perhaps, Mr. Lennox, if you would ascertain from the witness whether when the alterations were made in the plans which were submitted to him on August 22, 1930, new plans which were subsequently submitted which he did approve embodying the change, amongst others, which he has now spoken of.

By Mr. White:

Q. What do you say as to that?—A. Yes, that is so.

Q. So that what you approved of, Mr. Cameron, was not the plan exactly which was submitted to you by the company on August 22, 1930, but those plans embodying certain changes which you suggested.—A. Yes, sir.

Q. And new plans were prepared embodying your suggested changes.—A. Yes, sir, bearing the date of August 22, 1930.

By Mr. Lennox:

Q. Now, then, they are working under a plan which we have not seen.

Sir EUGENE Fiset: It is on file though.

The CHAIRMAN: It is filed.

The WITNESS: Yes.

Mr. LENNOX: I thought they withdrew those two plans.

Sir EUGENE Fiset: They withdrew the remedial works plans.

By Mr. Lennox:

Q. I would like to know the date of the plan that you are working under.—

A. The plan bears the date of August 22, 1930.

The CHAIRMAN: That plan is Exhibit No. 18.

Mr. WHITE: But that is not the plan which he approved. According to the witness, he approved of that plan with certain modifications, and another later plan, he says now, if I understand his evidence correctly, was prepared and presented which he did approve.

The CHAIRMAN: Well then, we have not got that plan.

Mr. LENNOX: No.

Mr. WHITE: I have not seen that plan.

Hon. Mr. MACKENZIE: I understood to the contrary. I understood that the plan which was recommended for approval by the chief engineer was a plan which does bear the date 22nd August, 1930.

The WITNESS: Mr. Chairman, under date of August 22, 1930, the company submitted this booklet of plans. There were a number of changes in those plans that I required to be made, the one I mentioned to you of the intake from Lake St. Francis. Another one was that more detail ought to be supplied of the power house or the control works in the power house. There was not enough information given there to be able to say that the sluices in the power house were capable of controlling the 40,000 second feet required by the order in council. Instead of putting this all to one side and coming along with another letter filing more plans I said, Go and get those plans altered and show this information and bring them back, and we will file them as these plans of August 22, 1930.

By Mr. White:

Q. Now, have we got it that the plans that actually are on file as of August 22, 1930, that is, Exhibit No. 18, are the actual plans to which the work is being constructed.—A. I believe so.

Mr. LENNOX: Is that right.

Mr. WHITE: Let us be sure of it.

Mr. JACOBS: With certain modifications.

Hon. Mr. MACKENZIE: No, they embody the modifications.

Mr. JACOBS: I am thinking of the interregnum between August and November when he finally recommended; they dated them back.

The WITNESS: Now, this embankment and that embankment—

Mr. WHITE: That does not mean anything on the notes.

The WITNESS: The north embankment and the south embankment at their junction at the Hungry Bay Dyke or the east shore at Lake St. Francis had nothing in between to show that there was any shore line, and that the water would come right down there and have free entry into the full width of the canal. My instructions, according to the order in council were that they are permitted to have a canal 600 feet bottom width, 27 feet deep, and that they are permitted to pass through the power house 40,000 cubic feet per second, and you have got to have that canal down there. I said, I think it is open to question whether you have any power to interfere south of the south side of the 600 foot channel. I said, You have got to show that Dyke there between those points, and see that it is shown.

Mr. WHITE: There is no breach shown on that plan at all.

By the Chairman:

Q. Where is there any breach of the dyke at Lake St. Francis.—A. I would take it, sir, that this shows a breach in the dyke, once the conditions were met—

Q. Well, if you are right in that, is that a breach in the dyke that would admit the amount of water they were entitled to draw from the river.—A. Yes, sir.

Q. How can you tell from that plan.—A. I know it is 600 feet wide and 27 feet deep here.

Q. How wide is the breach that is shown on the plan.—A. It is supposed to be 600 feet.

By Mr. White:

Q. Will you explain to the committee, please, what there is on that plan that shows a breach in the dyke.—A. To my mind, the prolongation of those lines through there.

Q. The prolongation of the lines indicating the sides of the 600 foot channel.—A. The navigation channel, yes, would indicate the acceptance of that plan as permission to breach that dyke.

Q. Of course, as a matter of fact, the Public Works Department have no authority to authorize the breach of that dyke.—A. No, sir, it had not. The Governor in Council had.

By the Chairman:

Q. Would it not show it better if there were no lines between the 600 foot banks? Would not that indicate it plainer, to your mind.—A. It would, sir; but there was this reservation, that the remedial work required below, the remedial work which lies approximately from here to the north shore, those works are included here, but none of the works to maintain river navigation down here (indicating on plan) are included on this set of plans.

Q. A few moments ago you told us that you would not approve of these plans as they were first submitted because at the outlet at Lake St. Francis the plan did not show any marking that would indicate that the company were not entitled to the whole free flow between the banks, as indicated on the plan.—A. Yes, sir.

Q. That it had no line there at all.—A. Yes, sir.

Q. Now then, you say that because there is now a line between the ship canal—as we may call it—the banks of it, that that indicates to you the very opposite.—A. Well, no sir, rather that the dyke which was not shown there is now shown to remain in place.

Q. Quite true, but the rest is shown also. I am suggesting to you that if your first statement is correct—and I am not suggesting that it is incorrect from your way of thinking—it would disclose that much more plainly on the plan if there was no line between the banks. What is this?—A. That is the dyke.

Q. Well, between the channel.—A. Yes, sir, I quite agree with you.

Q. You see, there is not much reason then for you working it out that way.—A. The matter might be better explained if that report of mine making the recommendation were produced.

By Mr. White:

Q. Have we got a report.—A. Yes, sir.

Q. We will go to that then.

By Mr. Stewart:

Q. That shows 600 feet all the way through.—A. Yes, sir.

Q. Where is that south bank.—A. This is the south dyke over here, sir. That is the existing work crossing at a bad angle and they propose to divert it.

By Mr. White:

Q. Before we leave that, Mr. Cameron, I take it that it is unquestioned that the dyke and its management and control are under the Department of Railways and Canals and not under the Department of Public Works.—A. Yes, sir.

Q. So that any approval of yours would not affect the rights of the Crown in that dyke.—A. No, sir, no approval by myself.

Q. Or by your Minister.—A. It would have to be by order in council.

Q. Then you spoke a moment ago of your report, and I see a copy of it in the file under date November 13, 1930.—A. Yes, sir.

Q. That is your report.—A. Yes, sir.

Q. It is fairly long.—A. Well, it is mostly quotations from the order in council.

The CHAIRMAN: Is that the report that we had read here.

Mr. WHITE: This is the report and the recommendation of the approval of the plan dated August 22, 1930.

The CHAIRMAN: I suggest that it be printed and we will see it to-morrow. It will save a lot of time. It is rather important and it should go in as part of to-day's proceedings.

Mr. WHITE: Yes, I think so.

The CHAIRMAN: We could have it mimographed, if it is desired.

Mr. JACOBS: I move that the report of Mr. Cameron be copied and incorporated in the record of to-day. (Printed as Appendix).

Mr. WHITE: It is between pages 106 and 107, consisting of 6 pages, dated November 13, 1930. There is just one paragraph, a short one, which I think perhaps it might be of advantage to call to the attention of the committee at the present moment:

....the Company submitted, with its letter of July 29, 1929, detailed plans of its proposed works, for approval by the Minister.

The plans as filed were discussed in considerable detail with the engineers representing the Company, and in consequence modifications have been incorporated in the revised set of plans of which approval is asked by the Company's letter of August 22, 1930.

Sir EUGÈNE Fiset: That is exactly what he said.

By Mr. Morin:

Q. Have you before you for approval any plans for the bridges over this canal.—A. Yes, sir. We have some plans before us. In the report I say the plans for the bridges will be submitted and dealt with in a separate report but the Company has not completed its application to our satisfaction in respect to the bridges, and we are not in a position to report yet.

Q. Have you the plans before you for approval.—A. Yes, sir.

By Sir Eugène Fiset:

Q. Does that apply also to the plans of the remedial works that the company withdrew after you took some objection to them.—A. The objection to the remedial works, that is, exclusive of the works here (indicating) was taken exception to by the committee of engineers originally, and that exception has not been met yet.

By Mr. Morin:

Q. Could you state if the embankments are constructed according to the standard rules of the Joint Board?—A. I was unable to find any definition or specification of embankments in the Joint Board of Engineers Report, and I said, in my report which you have, that the embankments are being designed to meet the particular conditions where it is a question of the disposal of a great quantity of material. In other words, take a lot of material to be disposed of you form it up in massive embankments.

Q. Do you think there should be a guard lock at the end of the canal?—A. I do not consider that is essential.

By Mr. Lennox:

Q. Do you disagree with Mr. McLachlan there?—A. I disagree with Mr. McLachlan, yes sir.

By Mr. Morin:

Q. No necessity whatever.—A. I do not see the necessity.

By Mr. Lennox:

Q. Suppose something goes wrong with the banks, how are you going to protect this canal?—A. First of all, I do not think anything will go wrong with the embankments.

Q. What is the object of a guard lock?—A. There is a slight difference in elevation. Mr. McLachlan said this morning if you put gates across of course they form an obstruction. The water in the lake is at a slightly higher elevation than the water down here (indicating on plan) and you would have to put a lock there.

By Mr. Jacobs:

Q. You were the Chairman of this Joint Committee, or this Committee of Engineers, were you?—A. There was no Chairman, sir.

Q. I understood Mr. McLachlan to say you were the Chairman.

Mr. LENNOX: His name came first.

By Mr. White:

Q. Just one more question, if I may. You noticed condition 11 of the order in council, or have you it in mind that it provides for approval of the plan before the commencement of the work? Was that in accordance with the recommendation of this committee of departmental engineers?—A. My recollection is, Mr. White, that that was the recommendation made by our committee of engineers.

Q. Why did you recommend that?—A. We had primarily in mind, of course, the works in the St. Lawrence river.

Q. Well, not primarily because the other was just as important.—A. The other is just as important but it has absolutely no effect upon navigation.

Q. It is going to be a canal which is going to be navigable.—A. Surely.

Q. I should think that would have been of equal importance, perhaps prior importance, because it was going to be the ultimate means of getting from Lake St. Francis to Lake St. Louis and back again.—A. Yes. Well, I think I can illustrate that by one feature. It brings up the question of embankments. The company in its original 1929 scheme submitted nothing at all as to its method of construction of the embankments. In 1929 they submitted a scheme for the construction of two dykes and then to fill in with the dragline scrapers more material in between those, having first of all done, as usual, scraped all the humus and digging a trench. We, in our visits to the work, and from our

knowledge of the particular characteristics of the soil there, discussed with them whether that was a satisfactory method and likely to produce as good results as other methods. We met them on several occasions and looked it over, and walked up and down the dykes and we concluded, from the information and the opinion of the engineers that we met, that a better method of construction would be to form up two embankments and fill them in with the hydraulic pipe line dredge in layers. That is an engineer's way of evading your question.

Q. Unfortunately, I cannot leave the matter quite there. What I want to get at is why you as engineers representing the three departments intimately concerned in this matter, should require that the plans for the canal should be approved before the work was commenced, which is the condition 11 that I am referring to.—A. I really have not any particular answer to give to you on that, Mr. White. It was a general condition that applied to all the works.

Q. Well, may I suggest the reason to you?—A. Yes.

Q. It was because both as regards the navigation canal and the withdrawal of 40,000 cubic feet of water from the St. Lawrence river, you were just as much concerned in that end of the project as you were in the remedial works which would be placed in the river.—A. Yes, we were concerned in that.

Q. Is that the reason?—A. I suppose it is as good a reason as has been given.

Q. Was it the reason that was present in your mind at the time?—A. I cannot say.

Q. At any rate, you thought it was in the interest of your department at least that that should be done, that is, that the plan should be approved before the work be commenced.

By Hon. Mr. Mackenzie:

Q. When you heard that the company was constructing certain works along the site of the proposed canal did you consider they were carrying on work in contravention of the terms of the order in council, condition 11.—A. Well, it was a question in my mind whether a literal interpretation of condition 11 was being contravened. I did not think anybody's ox was being gored except the company's possibly.

By the Chairman:

Q. I do not follow that, Mr. Cameron. You refer to a literal translation of condition 11. Surely you do not need to torture language as it is used in condition 11 to understand it:

The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said works have been submitted to and approved of by the Minister.

You do not need to apply any literal application to that language. It is so plain that a child would understand, is it not? Is it not very plain.—A. There is no doubt about that.

By Hon. Mr. Mackenzie:

Q. My question was this, when you heard that the company was actually proceeding with the construction work along the site of the proposed canal did you consider—and you were the engineer in charge—that the work they were carrying on was in contravention of the terms of the order in council, section 11.—A. Yes.

By the Chairman:

Q. Of course it was. Is it not very obvious that it was?—A. I think there is no doubt about it, Mr. Chairman.

Q. You do not have to apply any literal translation to that.—A. No. Only, in the actual carrying out of works of this magnitude,—I might explain: The work that is going on at Chats, the company goes ahead and applies for approval of its works and complies with the conditions very similar to these. They go ahead and start the work before the actual approval is granted.

Q. You think, in other words, that the larger the operation or project, the less care need be applied.—A. Not at all, sir.

Q. Why do you put it in such a way as to suggest they did not have to do these things.—A. I certainly did not intend putting it that way.

Q. That is the way I gathered it.

By Hon. Mr. Mackenzie:

Q. When you found out they were proceeding with the construction could you have stopped them at all? Did you take any legal opinion.—A. No, sir. I have not any doubt but what we could stop them.

By Mr. Lennox:

Q. Could you suggest any words that could be added to condition 11 that would make it clearer than that no work was to be commenced in connection with the whole project than that the plans be submitted and approved.—A. No, sir.

By the Chairman:

Q. Why did you put condition 11 in there at all? Why did you not leave it out.—A. Well, sir, we wanted to make the thing just about as stringent as we could, so that we always could have the whip.

The CHAIRMAN: This is just for future guidance: Do not make things stringent at all, if they are not to be lived up to. You might just as well leave them out.

By Mr. Jacobs:

Q. What work really has been commenced in that connection which they should not have commenced? Is it preliminary work, or something of that kind.—A. The company, of course, started in to get their construction equipment on the ground.

By Mr. White:

Q. That was in the fall.—A. That was in the fall of 1929.

Q. They started to dig in the spring of 1930.—A. They started to dig in the spring of 1930, and they had their hydraulic dredge on the ground and they started working up at the west end, working in an easterly direction, the Lake St. Francis end they had some of their tower excavators in place and cast up the earth into embankments.

By Mr. Jacobs:

Q. Was not that preliminary work before they actually got down to brass tacks.—A. Well, it was part of the ultimate work.

Q. Yes, but it had to be done before the other work was commenced, I suppose. I want to know if this was not preliminary work, getting their plant into shape, and so on.—A. Getting their plant into shape, of course, was preliminary work.

By Mr. White:

Q. You would not call digging a preliminary work though.—A. No.

By the Chairman:

Q. They say that if the spade work is well done you usually can accomplish any purpose. Mr. Cameron, again with reference to the width of the canal that is shown in the plan that is before you, is it fair to assume that the canal is shown with the width it has and the banks located where they are,—is it fair to assume that they are built that way because of the ultimate hope of the company that they will divert the flow of the St. Lawrence river.—A. I have always had that in mind.

Q. Well now, I do not know that we need to anticipate this or labour it at length, but can you shortly tell the committee, if the whole flow of the river were turned through the canal would it be a sound navigation canal.—A. I see no reason why it should not. I consider that the whole flow could be turned through the canal, that is, the whole regular flow and that navigation could be carried on very properly.

Q. And would you care to go so far as to say that you would approve of such a scheme as part of the navigation of the St. Lawrence river.—A. Yes, sir, I would go so far as to say that.

By Mr. Jacobs:

Q. That is, diverting the St. Lawrence river at that point.—A. Yes, sir.

By the Chairman:

Q. And that is the scheme that if you had sovereign powers to determine you would approve of for the navigation of the river.—A. Oh, yes.

Q. At that point.—A. Yes.

Q. How would you get around the bridges.—A. Well, the bridges as required by the Departmental Committee or Committee of Engineers, implies spans over the canal.

Q. Do you think that is desirable for navigation.—A. They certainly will have to take the bridges out of the way of the boats.

Q. What about the velocity of the water.—A. The velocity of the water is quite, to my mind, permissible in a canal of that width.

Mr. WHITE: May I develop that, Mr. Chairman.

The WITNESS: A channel of that width, I should say.

By Mr. White:

Q. The velocity is $2\frac{1}{4}$ feet a second.—A. Yes, sir. That was set by the Committee of Engineers.

Q. Is it not a fact that there may be some difficulty in navigating a boat astern in certain wind conditions, having regard to the 3,300 foot width of a current with that velocity.—A. I do not anticipate any, Mr. White.

Q. Is it not a fact that the upper stretches of the canal are in hard pan where an anchor will not catch.—A. No, sir. I would think that that section about here (indicating)—I think that is the hard pan section, and I think that an anchor would hold up there fairly decently.

Q. Is not that something that navigators would know more about than engineers.—A. Not necessarily.

Q. Well ordinarily.—A. That is a hard pan bouldery formation.

Q. If the anchor fails to catch under conditions of that kind there may be disaster, and if the drawbridge fails to open, is not that a fact.—A. That is a remote contingency that I do not admit is reasonably possible, sir.

Q. No, but if the possibility exists the danger exists.—A. Of course, if the possibility exists the danger exists.

Q. And in navigation of this kind it would be desirable, would it not, that there should be as few drawbridges as possible.—A. Well, yes.

Q. In the interests particularly of navigation.—A. Yes, sir.

Q. And if another scheme could be evolved which would lessen the number of drawbridges, to that extent at least the other scheme would be preferable.—A. Yes, sir.

Q. It might have other disadvantages.—A. Yes, sir.

By the Chairman:

Q. Just at that juncture, what you are gambling on, Mr. Cameron, is that the anchor will always hold.—A. Well, no. I presume what Mr. White has in mind is a boat that is downbound because an upbound boat is always under control; but if a boat is downbound it want to have assurance that the bridge is open before it gets within navigating distance of the bridge that is, if it is 2,000 feet above and the bridge has not shown that it is going to open, the boat wants to be able to stop.

Q. And anchor.—A. Anchor, or tie up to the bank.

By Mr. White:

Q. And in that connection, your approval and your report as to the original application, I mean the application which was approved by order in council P.C. 422 provides for certain crib work along the side to which a boat may tie.—A. That has been suggested, yes sir.

Q. Is it not provided for.—A. It is suggested in the Engineering Committee's report.

Q. And has been provided for, has it not.—A. There is no provision yet.

Q. Well, have not certain wharf sites been approved.—A. Well, that is an entirely different thing.

Q. That is a distinction.—A. Yes, sir.

Q. Then this cribwork is recommended so that a boat may be able possibly to tie up instead of anchoring.—A. Yes, sir.

Q. As an additional precaution.—A. As an additional precaution.

Q. Then the danger is anticipated, is it not, by reason of the very precautions, as indicated.—A. Oh, yes.

Q. Then there is provision in the order in council also that certain lands be conveyed to the Crown for the purpose of wharfage.—A. Yes, sir, we have sites.

Q. And an application has been made to the department for those wharf sites.—A. I think the situation is that the wharf sites have actually been conveyed to the Crown in the right of the Dominion.

Q. Certainly they have been approved if they have been conveyed.—A. Yes, sir.

Q. And I show you a plan, exhibit No. 6, which shows certain land in red.—A. These are the lot numbers.

Q. I ask you whether the ones which I point out to you—A. These are the lot numbers, as I say.

Q. Parts of lots 130 and 134, parts of lots 336 and 334, parts of lots 7, 8 and 9, parts of lots 68, 69 and 72, parts of lots 488 and 489, parts of lots 348 and 349, and parts of lots 344 and 345, and you say that your impression is that these have been conveyed to the department. Now, I point out to you that these wharves are according to this plan 3,300 feet apart measured across the canal.—A. Yes, that is correct.

Q. You agree.—A. Yes.

Q. And that only those on the north side of the 3,300 feet are in deep water.—A. That is, adjacent to the proposed channel.

Q. And that the others are some 2,700 feet away from the channel.—A. Yes, sir.

Q. And cannot be reached by any boat drawing more than a couple of feet of water.—A. At the upper end, that is quite right.

Q. Excepting the one at the extreme east.—A. Probably that one.

By Mr. Jacobs:

Q. How do they propose to get deep water for those other wharves on the south side.—A. Well, sir they are not wharves, they are wharf sites. There is quite a distinction. In the event of a development taking place here which would require a wharf at that location, it would not be a particularly difficult matter to join that up, providing the company did not itself locate a wharf and an industry here adjacent to it.

By Mr. White:

Q. So providing the whole 3,300 feet were dug deep enough to take the whole flow of the river to an approximate depth of 37 feet then those wharf sites might become useful in that event.—A. It is a contingency.

By The Chairman:

Q. Do you suggest, Mr. Cameron, that the wharf sites on the south side of the river, as indicated in red, are put there to provide slipways from the present deep channel for boats to go in there.—A. Yes, in the event of it being wanted.

By Mr. Jacobs:

Q. It could be done at comparatively small cost, I suppose.—A. It would not be a particularly expensive matter.

By Mr. White:

Q. And you would have to have it wide enough for a boat to go in and turn and that across a cross current downwards of $2\frac{1}{4}$ feet per second.—A. No, sir. There is the limit.

Q. Why not?—A. The current in the navigation channel is limited to a maximum of two and a quarter feet per second, but over there it would be decidedly less.

Q. But in order to get out of the 200 foot channel, the boat has to turn in the channel which you have suggested?—A. Certainly.

Q. And in the portion which the boat has to turn in, the 600 feet, it would be in the current downwards of two and a quarter feet a second?—A. Yes.

By The Chairman:

Q. Would not that be a very difficult piece of navigation?—A. I do not think so.

By Mr. White:

Q. Perhaps not, if the channel was wide enough. Perhaps Mr. Cameron has the idea that there would be room in one side of the channel. There would be a deep part of the channel, but when the ship goes on into the wharf, have you considered how it would get out?—A. No, sir.

By Mr. Morin:

Q. Surely the Government is entitled to a wharf site close to the deep navigation channel?—A. It has sites on the North side, and of course those will be accessible by roadways. There will be highway bridges across here, combination of highways; and anybody who wanted a wharf would get a wharf. The first thought would be to develop the North side.

By the Chairman:

Q. How close would be the draw-bridges?—A. Three miles, I think.

Q. Just while we are on this, Mr. Cameron, you say that the draw-bridges do not give rise to any considerable difficulty?—A. They do not, to my mind.

Q. And if this whole flow of the St. Lawrence was put through this ditch, this ditch for all practical purposes would become the St. Lawrence?—A. Yes.

Q. Then I turn to the Navigable Waters Protection Act and I see that section 11 reads as follows:

No approval shall be given under this part of a site or plan for any bridge over the St. Lawrence River,—

Someone must have disagreed with you when this was passed?—A. That is an order in council. It has not become the St. Lawrence.

Q. But you have admitted that this scheme, and it is in your contemplation and always has been, that this ditch would ultimately become the St. Lawrence River dredged out, and that is the real reason for the banks being so far back.

Mr. JACOBS: Did he say that? He said it could be done.

The CHAIRMAN: I think the reporter has that answer.

Mr. JACOBS: No, I think not. I did not hear it anyway.

The CHAIRMAN: I certainly intended to convey that in my question, and I got the answer that I expected to get.

Mr. JACOBS: How could the witness tell what that would ultimately become?

The WITNESS: The major portion of the flow of the St. Lawrence—

By the Chairman:

Q. I asked you a while ago, and I put the question to you again: Was not it always in your mind since this plan was projected that ultimately the flow of the River St. Lawrence would go down this ditch?—A. It might.

Q. Now, Mr. Cameron, are you frank with me?—A. I have not jurisdiction over that.

Q. But you made a report?—A. But I think it is a feasible scheme.

Mr. WHITE: He said he was in favour of it. What else does it mean?

By the Chairman:

Q. Then the Navigable Waters Protection Act for some reason or other says, in section 11: "No approval shall be given under this part of a site or plan for any bridge over the St. Lawrence." Now, I suggest to you that the reason that section is in there is because of the fear that bridges across the St. Lawrence River would be a serious impediment to navigation. Do you agree with me?—A. Yes, sir.

Mr. JACOBS: Mr. Chairman, we have them every Parliament. We have put through two this year.

The CHAIRMAN: But there is a very great difference between the right to authorize a bridge over the St. Lawrence River by order in council and doing it by Parliament, because everybody can see it.

Hon. Mr. MACKENZIE: By Private Bill.

Mr. JACOBS: They can get the power under Part 1 of the Navigable Waters Protection Act, with regard to the power of the Governor General in Council over bridges.

Mr. WHITE: There is one other matter, Mr. Chairman, and it is not for this witness, particularly, only it happens to deal with the matter of navigating a vessel astern in the channel; but I do not know whether the evidence is properly receivable under this part. I would like a direction from the committee as to that.

By Mr. Stewart:

Q. I would like to ask a question before the witness goes. Was there any discussion in regard to the width of the canal, as in the plans attached to P.C. 424 and 422, and had you and your committee any discussion regarding a lowering or shortening of the width of the canal?—A. To the best of my recollection that point came up in connection with the possibility of working this development in as part of some over-all development, part of which would be in the river. Do I make myself clear?

Q. No. Was there any specific?—A. From the standpoint of navigation, to the best of my recollection there was no objection taken to the 4,000, subsequently reduced to 3,300 foot width of that waterway.

Q. Was any specific number of feet width for the canal mentioned between you engineers when you were making this report?—A. Yes, sir, it is mentioned in the report.

Q. What was that number of feet?—A. It is referred to as 4,000 feet.

Q. Was there mention of a reduced number of feet?—A. No, I don't think it.

Sir EUGÈNE Fiset: As in the case of Colonel Stewart, we were told that there was a discussion as to the reduction of the width to 3,000 feet.

By Mr. Stewart:

Q. There was no discussion in your committee as to the reduced width of the canal to 1,300 feet?—A. I have no recollection of anything like that. It was mentioned in the report.

Mr. WHITE: Before Mr. Cameron speaks as to that, I think it would be only fair to him if he knew that there appears to be in the documents a recommendation, a communication from Mr. McLachlan to him in respect to that, and it should be—

Mr. STEWART: It is in the evidence here.

Hon. Mr. MACKENZIE: He did not perhaps hear that evidence given.

By Mr. Stewart:

Q. There must have been some discussion as to the width of the canal?—A. Yes, sir.

Q. Do you agree that the canal is too wide to take 40,000 feet and that it should be put in at 1,300 feet or 600 feet of dock, 27 feet wide?—A. Yes, it would carry more than 40,000 feet.

Q. Then we presume there must have been some discussion as to the proper width of the canal on account of the flooding of the land on the south side of the main flow?—A. I think Mr. McLachlan expressed his views on that question.

Q. Then there must have been some discussion among you,—that is what I am after. There was some discussion as to what would be a proper width of the canal?—A. No, I do not think there was a discussion as to what would be the proper width of the canal.

Q. Was there any discussion regarding a reduction in the width of the canal?—A. In the various possible combinations of schemes, of which this might be a part, one part was, as I recollect it, that if the balance of the flow was developed otherwise in the river, it would not be necessary to have the waterway between the embankments any wider than,—it strikes me it was somewhere around 1,600 feet; I have not the figure.

By Mr. White:

Q. 1,400 feet?—A. 1,400 feet, was it?

Mr. WHITE: I think I might read, in justice to the witness, from Exhibit No. 17, file 804, 1E, page 138, a letter dated July 6, 1929—

Mr. MONTGOMERY: That was six months afterwards.

Mr. WHITE: We all know that.

Mr. MONTGOMERY: It makes quite a difference in Mr. McLachlan's evidence.

Mr. WHITE: Why the interjection? Everybody can tell when the six months was up, as well as my learned friend.

Mr. MONTGOMERY: I would draw attention to it.

Mr. WHITE: This letter is addressed to K. M. Cameron, Esq., Chief Engineer, Department of Public Works, Ottawa, Ontario:

DEAR SIR,—I have spent this morning reading over the submissions of Dr. Barnes, *re* the effect of the Beauharnois works upon the opening and closing of Montreal Harbour.

The information which we furnished in connection with the Joint Board of Engineers Report should have enabled Dr. Barnes to make a determination as to exactly what that effect is in time. I have made some computations this morning and I find a 600 foot power canal with the area on the South side exposed for an additional 3,400 feet, giving an additional water surface 4,000 feet wide and 14 miles long, as shown in the Beauharnois Company's plans, would affect Montreal in the fall of the year to the extent of about one-third of a day, but that would have no effect whatever on the opening of navigation in the Spring. I do not think we should allow the Beauharnois Company to build the first banks more than about 1,400 feet apart.

Yours truly,

D. W. McLACHLAN.

Did you receive that communication?—A. Yes.

Mr. MONTGOMERY: That does not correct at all what he said.

Mr. WHITE: Again my learned friend interjects, but I do not understand it.

Mr. STEWART: The evidence shows that before this report was put in there was put in in writing something against the banks being too far apart. He pointed out the danger of building this canal very wide, or building this canal with banks very far apart. Now I understand the witness to say that they did not have, or if there was any there was not much discussion on that point before they put in this report.

By Mr. White:

Q. Is that correct, Mr. Cameron?—A. Yes, sir.

Q. Then I was just going to say that on this very question which we are discussing, as to the width of the canal and the danger to navigation, there is a letter of October 25th, 1927, from Mr. McLachlan to L. C. Sabin, Esq., Vice-President, Lake Carriers' Association, Cleveland, Ohio, and Mr. Sabin's reply.

Now, as to whether the committee would consider that evidence or not—

The CHAIRMAN: Oh, it would not be evidence if we were following the strict rules of evidence, but we will receive it.

Mr. WHITE: I have obtained these copies from Mr. McLachlan, and I understand they are exact copies of the correspondence.

Q. This letter of October 25th, 1927, directed to L. C. Sabin, Esq., Vice-President, Lake Carriers' Association, Cleveland, Ohio:

DEAR MR. SABIN: I would like to get some idea as to how fast a Great Lakes Bulk Freighter would travel astern with engines going full speed astern. I know, of course, that as soon as they do go astern they gradually turn around and that they correct this turning by kicking ahead for a short time. Perhaps I would be more likely to get an answer if I asked whether or not a Freighter could hold herself in approximately the same place in a stream if the current was flowing at two feet per second.

I am thinking of conditions on the down-stream journey in the River St. Lawrence between Clayton and Point Vivian above Alexandria Bay. In this stretch the velocity of the water does not exceed two feet per second. Should a boat suddenly meet fog or another approaching somewhere could she hold herself from turning around and also from going down-stream by going astern on her engines and making use of her rudder?

Anything you can give me will be very much appreciated.

Yours very truly,

D. W. McLACHLAN.

Mr. Sabin's reply is dated Cleveland, Ohio, October 27, 1928.—

Mr. MONTGOMERY: Who is Mr. Sabin, and what has this to do with this investigation?

The CHAIRMAN: It is very interesting to me and, I think, to every other member of the committee.

Mr. WHITE: This letter is as follows:

DEAR MR. McLACHLAN: Your letter of October 25 presents a rather difficult question. After talking with some of our practical navigators, I may say that it is thought it would be practically impossible for a down-bound vessel to hold herself accurately in position by backing in a current without the use of an anchor. In some of our narrow channels where vessels cannot turn around, if they are overtaken by fog they may manoeuvre to lie against the bank, presuming there is a soft bottom. In such cases as the West Neebish Channel and the Livingstone Channel in rock, a boat once started down must keep moving. Under these circumstances they reduce speed, but would not back for any length of time because such backing would get them to swinging, and in a dense fog they would not know their exact position.

In the rock out of the West Neebish Channel the sides being marked by vertical walls the vessel can do very well through this confined part. In the Livingstone Channel the width is 450 feet, and after passing the lower dam opposite Fort Malden Range the rock sides are submerged. There is also a bad cross current just below the dam coming from the Canadian side and the most difficult place is from the dam down to Bois Blan Island. In this reach the vessel must hold up into the current to allow for drift, and in case she is overtaken by a fog so that she must also reduce speed, it is necessary to hold up more than when travelling under full speed. This seems to be a situation somewhat analogous to the one to which you refer.

I think the second sentence of your second paragraph may be answered in the negative. The boat must keep going, although under reduced speed, and in case of continued fog, and no opportunity to turn around, she must proceed until the channel becomes wide enough and anchorage conditions such as to permit anchoring in the usual manner. On the other hand, the experience we have had in navigating such channels as the Livingston, where also fog sometimes sets in quickly, would indicate that the situation you suggest need not be considered as impossible, although the fact that traffic is both up and down bound would make it more serious.

Hon. Mr. MACKENZIE: That is just one man's opinion.

The CHAIRMAN: Those two letters will be Exhibit No. 34.

By Mr. White:

Q. Do you know as a matter of memory, Mr. Cameron, the velocity of the water in the Welland Ship Canal?—A. I understand it is between a mile and a mile and a half an hour.

Q. I understand, putting it in another way, it is about half a foot a second.—A. About that.

Q. And the Soulanges Canal about a foot a second?—A. About that, as far as I know. I have not much information on that.

Mr. WHITE: That is all.

By the Chairman:

Q. Mr. Cameron, have you had any experience in the navigation of boats yourself?—A. I have actually taken a degree in Oxford and for twenty years I have had a good deal to do with boats getting in and out of all harbours in Canada, with currents.

Q. What would you say as to those letters which have just been read? Have you any comments or observations to make?—A. There is a comment I am not particularly anxious to make. I have not found that the evidence of experienced navigators is of a tremendous lot of practical value.

By Mr. White:

Q. From whom would you get evidence of value, then?—A. I do not think they are able altogether—

The CHAIRMAN: There are some pretty good navigators that are not sea men.

Mr. WHITE: Referring to air men, I suppose.

The WITNESS: When you come to the gentleman who wrote that letter, he is one in whom I would have a great deal of confidence. He has had a great deal of experience, and is one for whose opinion I would have a great deal of respect.

By Mr. White:

Q. Is he a practical navigator of ships?—A. No, sir, he is an engineer.

Q. You would not care to take the advice of a practical navigator of ships?—A. No, sir, because it is like expert evidence, you can get directly opposing opinions.

Mr. JACOBS: We have had that already.

The CHAIRMAN: All right, Mr. White, go on.

Mr. WHITE: I have completed.

I suppose Mr. Montgomery has the permission of the committee to cross-examine?

The CHAIRMAN: Yes, I think Mr. Montgomery may cross-examine.

Mr. MONTGOMERY: I suppose that is the ordinary rule and that I need not apply for permission for the cross-examination of each witness?

Mr. WHITE: That is the ordinary rule; but the more Mr. Montgomery cross-examines, the less I have to examine.

Cross-Examined by Mr. Montgomery

Q. Subsequently to the application of the Beauharnois Company a departmental committee sat upon it, did they not?—A. Yes.

Q. Consisting of yourself, assisted by— —A. Mr. McLachlan, Mr. Johnston and Mr. Cote.

Q. And your report is of record?—A. Yes.

Q. Was there any dissent or disagreement as regards that report?—A. There is only one feature about it, and of course I think it is reasonable to remark that the comparative estimates of cost of the various schemes were not the work of the committee, and they were very largely estimates, at that time. Other than that, the three of the four divisions into which the report divided itself I have not any reason to change any recommendation or expression of opinion that I then made.

Q. And what you have just referred to in the report is the suggested costs of the various alternatives for the development of the Soulanges section for power and navigation?—A. Yes.

Q. Now, on this question of width, during the course of your deliberations or prior to the signing of the report, was any objection taken to the width of 4,000 feet or 4,100 feet, as shown on the company's plan?—A. I have no recollection of any objections. I cannot specifically state that there was any. I do not think so.

Q. I would like to tell you that Mr. McLachlan has stated that before the report was signed he objected to it.—A. I have no recollection of it.

Q. Have you any recollection of any dissent of any sort or kind being received from Mr. McLachlan prior to the letter which Mr. White has read to you, which was some seven months afterwards?—A. No, I have no recollection of any.

Q. And have you any reason at the present time to change that report or change the recommendation for approval which you made, as regards the width of the channel?—A. I do not think we made any recommendations with respect to the width of the channel.

Mr. STEWART: What was your question?

Mr. MONTGOMERY: I asked him if he had any reason since hearing Mr. McLachlan's objections as to the width of the channel of 4,100 feet, and subsequently changed to 3,300 feet—

The WITNESS: I do not think we made any recommendation as between embankments; we confined ourselves to the channel.

By Mr. Montgomery:

Q. Have you any objection at all to the width of the embankments?—A. No, I have not.

Q. I assume that from the time the plans were approved right down to the present time, perhaps, you have been in fairly close touch with the engineers of the company?—A. Fairly close touch, yes.

Q. By section 11 of the order in council they were required to furnish details of their general plan?—A. Yes.

Q. Such details were filed, as I understand it, in July, 1929?—A. Yes.

Q. No work had been begun prior to that time?—A. No, I believe not.

Q. And I have no doubt that their engineers were in consultation with yourself and your assistants with respect to those plans?—A. Off and on, they were, yes.

Q. So that any work that was done prior to the August, 1930 plans would have been presumably done either on the July, 1929 plans, or the July, 1929 plans with such modifications as had been discussed between yourself and your engineers and the Beauharnois engineers?—A. They had been discussed, yes.

Q. In the letter of August 22, 1930, substituting plans for those of July, 1929, I note they say in the opening paragraph "in pursuance of condition No 11" and so on, "we are now, after consultation with the engineers of your department submitting for your approval, the following," and it enumerates several plans which were submitted. I assume that is correct?—A. Yes, that is correct. They had been in consultation with us.

Q. Now, has this work been carried on on any different basis than any works of similar magnitude, or any considerable works; has it been carried on on the same basis?—A. You mean in so far as—

Q. In so far as supervision is concerned?—A. With the usual run of works supplied for approval under the Navigable Waters Protection Act?

Q. Yes.—A. It has been carried on very much the same.

By the Chairman:

Q. With the same lack of regularity?—A. Yes, you can put it that way.

By Mr. Montgomery:

Q. You have a resident engineer stationed permanently on the works?—A. Yes, we have.

Q. And the various engineers in your department have been from time to time personally visiting the works?—A. Yes.

Q. And the work has been carried on—you are receiving, I suppose, full reports, progress reports from your engineers?—A. We are receiving progress reports.

Q. And do you consider yourself pretty well in touch with the work?—A. I consider myself fairly well in touch with the work.

Q. In November, 1930, you submitted a recommendation for the approval of the August plans as modified in accordance with your explanation?—A. Yes.

Q. I understand that there were two changes in the width of the canal made between the date of the plans filed for approval, and July, 1929; that is to say that the upper section was increased from 1,100 to 3,300 feet—that is the upper mile or so—and the balance, 114, was decreased from 4,100 to 3,300?—A. I do not know that the company had come to that conclusion in that respect as early as that date.

Q. These changes were shown, I understand, in the July, 1929, plan?—A. They may have been; I have not looked.

Q. Have you any exception to take to those changes?—A. No.

Q. They are part of the plan as approved by you in 1930?—A. As recommended for approval.

By the Chairman:

Q. Recommended for approval under what—under the Navigable Waters Protection Act?—A. No, pursuant to section 11 under the order in council.

Q. That is all under the Navigable Waters Protection Act?—A. Yes.

By Mr. Montgomery:

Q. Now as regards the location of the ship channel—

By Mr. Lennox:

Q. Counsel asked you if the plans of August 22 were modified with your recommendation; I think you said yes?—A. Yes. Well, did he mean that the plans recommended—

Q. He asked the question, that the plans of August were modified with your recommendation?—A. Incorporating our recommendation, I interpreted it to be.

Q. What did you mean by that?—A. There were two changes that we specifically directed the company to make. One was to show the dyke across the west end; the other was to be quite specific in the dimensions of the sluice passages at the power house.

Q. You made that recommendation. What is it? You made it to what department—your own department?—A. My recommendation of November 13 was made to the deputy minister.

Q. Have we got that?

Mr. MONTGOMERY: It is part of the report which is to be printed into the record.

By Mr. Montgomery:

Q. That report, the recommendations in connection with those changes are not in that report? They had preceded that report, had they not?—A. Oh, yes.

Q. What you recommended was the plans with those changes incorporated in them?—A. Yes, surely.

Q. Now, turn to the location of the entrance of the ship canal from Lake St. Francis. We have had it in evidence that that was moved some 3,000 feet, I think, north. Had you any exception to take to that?—A. Not after examination of the suggested change, we found we could recommend it.

Q. Do you mind stating why?—A. We found that it gave a quite satisfactory entrance to the canal from Lake St. Francis—a safe entrance, we considered it.

By Hon. Mr. Mackenzie:

Q. Would it increase the danger of the current?—A. No, sir, I would not consider it would increase the danger of the current.

By Mr. Lennox:

Q. Did you hear Mr. McLachlan give his evidence on that?—A. No, sir.

Q. He said that the current was such that it made—I do not remember his words—but it made it more dangerous, or not as navigable. You do not agree?—A. I cannot agree with him.

Mr. MONTGOMERY: It is suggested to me that perhaps Mr. McLachlan overlooked the fact that the opening of this channel carrying a volume of water greatly exceeding that of the Ottawa River would set up a current into the canal as distinguished by a cross current course.

Mr. LENNOX: Why didn't you ask him that when you had him in the box?

Mr. MONTGOMERY: Perhaps I can ask Mr. Cameron now.

The CHAIRMAN: Mr. Cameron cannot speak for Mr. McLachlan.

By Mr. Montgomery:

Q. I was asking Mr. Cameron about that?—A. That was one of the factors that entered into our consideration of the suggested change.

Q. In any event, do you apprehend any danger by reason of the canal being—the entrance of the canal being moved 3,000 feet north, or any increase in the risk?—A. I do not anticipate any.

Q. And it conforms to their plans as recommended by you on November 13, 1930?—A. Yes.

Q. Now, what about the shortening of navigation by a third of a day as raised by that letter of Mr. McLachlan of July 6, 1929?—A. I certainly endeavoured to find if I could come to the same conclusion or not on the theory and fact presented, and I must admit that I was quite unable to get anywhere with that matter. I could not agree at all with that deduction.

Mr. LENNOX: How does he work it out if you cannot?

Mr. MONTGOMERY: I do not think he did. I think he was quoting Dr. Barnes.

By Mr. Lennox:

Q. Two lawyers may give an opinion and may be wrong—of course I never am—but I thought an engineer would be able in some way to give us that. Engineers should agree?—A. The one that presented itself to me and has always presented itself to me, was that the amount of the possible interference by shortening of navigation was away out of proportion to the possible errors in the factors that enter into it.

Q. You do not regard the situation as serious?—A. Oh, no. Put it this way, no one could have demonstrated to my satisfaction that such a thing had occurred.

Q. He did. Mr. McLachlan swore to it.

Mr. JACOBS: He is not here to explain Mr. McLachlan.

The WITNESS: I endeavoured to try to follow Mr. McLachlan's argument.

By the Chairman:

Q. Have you read Mr. McLachlan's evidence.—A. No, sir, I have not read Mr. McLachlan's evidence.

Q. You have never looked at his evidence before?—A. I only got it this morning.

Q. I can see that you are not prepared or not able either to confirm or deny Mr. McLachlan's statement as to reducing the time for the opening or the closing of navigation at Montreal?—A. No. The matter is open to very grave doubts in my mind.

Q. Do you think it would lengthen the season of navigation?—A. No, sir.

Q. Do you think it would shorten it?—A. I do not think you could measure the amount.

Q. Do you think at all?—A. Yes, a lot.

Q. Think hard and tell us what you do think?—A. I do not think it would make any change.

By Mr. Jacobs:

Q. There is only the difference of a day between you?—A. He arrives at eight hours. On a 4,000 foot width he arrives at eight hours. He said, "we will reduce that to 13 or 1,400 feet. The company has that cut down from 4,000 feet by the equivalent of one hour and a half or two hours, and he starts out from the other end, and he has only, as far as I can figure out, about one hour and a half left.

By Mr. Montgomery:

Q. Before considering that question of width, I wonder if you could tell us why you stipulated for a bottom depth in that navigation channel of 600 feet; can you tell us how wide the Welland Canal is?—A. The Welland Canal is a slack water reach with a bottom depth of 200 feet.

By the Chairman:

Q. Do you mean the Welland Ship Canal?—A. Yes, the Welland Ship Canal.

By Mr. Montgomery:

Q. I wonder if you could recall why you recommended that this canal should have a bottom width of 600 feet?—A. That is the maximum—practically, you can say the maximum width to which any improved channel had been built in any part of the Great Lakes.

Q. Would that permit a boat to turn around?—A. Yes, that would. The one in the upper St. Mary's Channel—the trouble has always been that they were about 300 feet wide, and a down bound boat would stick her nose into one bank, and being 600 feet long, she would not turn in a 300 foot channel. They have been navigating, of course, under that condition.

Q. Do you recall how wide you are dredging the channel between Lake Ontario and Prescott?—A. A minimum of 450 feet. It is better than that throughout.

Q. I think Mr. McLachlan suggested this morning—I do not know whether you were here or not—that under certain conditions the department, or the government would be compelled to force the company to reduce the width of its canal at the upper end. I have forgotten what distance he said, down to—

By Mr. Lennox:

Q. The canal has a narrow neck leading into Lake St. Francis?—A. That is where it comes to the power-house.

Q. Can that be widened?—A. By extending the length of the power-house.

Q. Can it be widened by the Beauharnois Company without any further application?—A. Well, sir, the limit of the application is the permission to pass through that power house 4,000 cubic feet per second.

Q. Supposing they made it—supposing they opened it and widened it what would be the effect upon the St. Lawrence River?—A. Of course it would just pull the St. Lawrence River down to a large extent.

By Mr. White:

Q. Not at all seasons?—A. Not drain it out. You have the longer channel of the St. Lawrence still running.

By Mr. Lennox:

Q. It would have a prejudicial effect?—A. Certainly.

By the Chairman:

Q. Supposing, as has happened with power dams, the dam at Lake St. Louis went out and you had no guard lock at the other end?—A. I would say that is inconceivable.

Q. Have you ever heard of any power dam going out?—A. Yes, sir.

Q. Not a power dam that you and your associates have had to do with.—A. No, not that one.

Mr. LENNOX: If it is inconceivable but happened what would be the result?

The CHAIRMAN: It would be inconceivable also.

Mr. MONTGEMERY: The water would run down the river, I suppose.

The WITNESS: There would be the lowering of the level of Lake St. Francis which would interfere with navigation.

By Mr. Montgomery:

Q. In any event you see no necessity for a guardlock up at the other end?—A. I see no necessity for it.

By the Chairman:

Q. Or a guardlock at the other end?—A. Not a guardlock. You would have to have a complete closure.

Q. A lock which would extend completely across?—A. You would have to have gates across there just the same as gates across the St. Lawrence, exactly.

By Mr. Montgomery:

Q. And you see no necessity for that?—A. I have not seen any necessity for that.

Q. Mr. McLachlan suggested this morning that the installation of a guardlock would be necessary. I think you have already expressed yourself on that?—A. I have.

Q. And something was said with respect to the entrance to the canal some 1,500 feet south. Is that in a southerly direction?—A. Mr. McLachlan said that if a guardlock was put in there it would be necessary to shift the power canal entrance southerly.

Q. Were you here when he gave that evidence?—A. I heard him say that.

Q. Do you agree with that?—A. I have not had a chance to look at it on the plan. It all turns on the necessity for a guardlock.

Q. So that unless his premise is correct you have had no reason to consider the removal of the entrance?—A. No, sir.

Q. Have you had any experience with cross currents in other navigation channels in the Great Lakes system?—A. Yes, we have had considerable experience with that, Mr. Montgomery. We had a study, a fairly exhaustive one, in connection with the improvement from Lake Ontario down to Prescott at the site of the present Lower Lakes terminal, conditions of various parts and what might be anticipated there. That was done largely at my instance by Mr. Coutlee, who is an engineer of the Department with a great many year's experience along those lines.

Q. Would you prefer that we examine him about that?—A. I think the committee would benefit by an examination of Mr. Coutlee along those lines.

Mr. MONTGOMERY: Perhaps if my friend will take Mr. Coutlee afterwards on that I won't bother about that.

Mr. WHITE: I won't promise, but we will do the best we can always to oblige.

Mr. MONTGOMERY: I am glad to hear that.

Hon. Mr. MACKENZIE: The committee want to call him if Mr. White does not.

Mr. MONTGOMERY: I won't examine Mr. Cameron on that if the committee is going to examine Mr. Coutlee on it.

By Mr. Montgomery:

Q. In your report of November 13, 1930, I notice that the first question which you put as being one of the points of interest to the Department, and underlying the approval of the plans, reads as follows:

Do the proposed works provide for adequate control of the outflow of the St. Lawrence river from the Lake St. Francis section so that conditions No. 2, 3 and 19 of the order in council of March 8, 1929, may be made effective.

And you answer that in the affirmative?—A. Yes, sir.

Q. Question B is:

Do the proposed works provide the future navigation channel between Lake St. Francis at deep water at Hungry Bay to the side of the proposed navigation locks at Melocheville.

And that question you answer in the affirmative?—A. Yes, sir.

Mr. JACOBS: Mr. Montgomery, what are you reading from?

Mr. MONTGOMERY: The report of November 13, 1930.

Mr. WHITE: Which I was not permitted to read because it is going to be put in the evidence.

By the Chairman:

Q. Perhaps we can shorten it up, Mr. Cameron. Are you pretty generally in agreement with the work that the Beauharnois company are carrying on?—

A. Yes, sir.

Q. And you have been right from the beginning?—A. In general agreement, yes. We have had some considerable discussion.

Q. But you have been working in harmony with them?—A. Yes, I have not been antagonistic to them.

Mr. WHITE: I should say that was very fair.

The WITNESS: I have been inclined to be fair.

By Mr. White:

Q. Just one or two questions. As a matter of fact, Mr. Cameron, would not a narrower channel be better from the purely navigation point of view, provided it is 600 feet wide with a depth of 27 feet?—A. Mr. White, if you asked me I would prefer the wider—

Q. Is not there more chance of the banks being affected by the action of the wind?—A. No, sir.

Q. You do not think so?—A. I do not think so.

Q. It always struck me that the wider the channel—A. On the north side and the south side of the bank, the bank is riprapped as required. When I say it is riprapped I mean that the specifications recommended for approval require it to be riprapped, as set out in the order in council. Now, a boat going up or down that canal under power, a large boat, causes a wave force. Of course, on the south side that simply offsets itself in the widening of the channel.

Q. Does it?—A. Yes, sir.

Q. That is what I was wondering. I thought that the shallower the water the greater the force of the wave. Lake Erie is rougher, for instance, than Lake Ontario, and that here when you get up a bit you are liable to get a greater wave than you would if you had a channel say 600 feet wide.—A. Well, sir, let me put it to you this way: The Hungry Bay Dyke which is at the westerly end of this channel, or the easterly end of Lake St. Francis, is 8 feet lower than the top of these proposed banks, and, to the best of my knowledge, the wind on Lake St. Francis has never been sufficient even at high water to more than just splash the top of that dyke.

Q. Because it does not reach it.—A. Oh, yes. As you will see when you are there the water comes right up to the foot of it.

Q. And you mean to say the waves have never been the height of the bank.—A. It will just splash up and make it a little wet.

By the Chairman:

Q. Have not you been constantly repairing that year after year.—A. So Mr. McLachlan says.

Q. What do you say about it, do you know.—A. I don't know anything about the repairs. I know what the height of the bank is and I have seen it, and I have seen the water at high water right up against it.

By Mr. White:

Q. Then my learned friend asked you, and you told him I think, that you take no exception to the change from 4,100 feet to 3,308 feet.—A. No, sir, I take no exception.

Q. Was there a reason for that, that you were not concerned in your department except as to the channel for navigation.—A. Yes, in so far as the width might have any effect on navigation.

Q. You were only concerned as to that.—A. Concerned as to the possible effect on navigation.

Q. And we may take it from that, I assume, that you were not concerned with the power aspect of this situation.—A. No, sir, I never felt that I was concerned with that.

Q. Then the increase from 1,100 to 3,300 at the upper end, that is the western end, were you concerned with that.—A. Well, Mr. White, if you will permit me may I say that the plans which I have recommended for approval, and according to my conception or intention at least, narrowed that 1,100 feet on the 40,000 cubic feet to practically 600 feet.

Q. So that so far as that end of it is concerned, we may take it that you were concerned with the width of the channel.—A. I was concerned with the application of the conditions of the order in council with regard to the entry from Lake St. Francis into the canal.

Q. Involving the width of the channel.—A. Involving the width of the channel.

Q. And for some reason, which was sufficient for you, you saw fit to make that change, and you imposed the change upon the engineers for the Beauharnois company.—A. Yes, sir.

Q. That reason being what.—A. The reason being that the order in council stated that they were to provide a 600 foot bottom width, navigation cut, with a depth of 27 feet.

Q. We have been referring to it as a prism.—A. A canal prism, if you like, and I said if you put a plan before me which shows an intention on your part to dig to 27 feet for a greater width than 600 feet I think you are not sticking to the permission that the government gave and which was granted by the order in council.

Q. I see, so that you were taking as the responsible officer of the Public Works department the responsibility of determining what the order in council meant in that respect.—A. Yes, I was.

Q. Then in regard to the moving of the entrance to the canal on Lake St. Francis 3,000 feet north, may I ask you if it is not a fact that the current at the point 3,000 feet north of the original proposed point of entrance is faster than it would be at the original point?—A. I do not think it would be measurably faster.

Q. It is nearer the rapids, is it not?—A. Yes, it is nearer the rapids, still quite a distance away from the rapids.

Q. And one naturally expects that the nearer you get to the rapids the swifter the current.—A. That is when you get in shallower water and get real close to them.

Q. Then in regard to the shortening of navigation, it is a fact is it not that the greater the surface exposed in the cold weather in the fall the cooler the water becomes?—A. That is advanced as a theory.

Q. That is a fact, is it not, it is not theory; anybody knows that, I suggest to you.

Mr. JACOBS: Not an engineer of the Public Works Department.

By Mr. White:

Q. It is a fact, is it not?—A. I think you could state that as a fact.

Q. And the colder the water the more quickly the ice forms, that is also a fact, is it not?—A. Yes, within reasonable limits.

Q. So that if you have a greater exposed surface you have the greater tendency to the formation of ice by reason of the more quickly cooling of the water and the greater exposure and rather slower movement of the current, is that not so?—A. Yes; the water cools—

Q. More quickly.—A. Yes.

Mr. WHITE: That is all, thank you.

By Sir Eugène Fiset:

Q. Does it not depend a little bit also on the depth of the water.—A. It depends on the volume.

Mr. WHITE: There is one other matter, Mr. Chairman, which I had almost forgotten. Counsel for the Beauharnois Company have been kind enough to furnish me with a document entitled Chronological Summary of Acquisition of

Rights and Approvals by Beauharnois Light, Heat and Power Company from the governments of Quebec and Canada, and I would like to read at page 7 of that document, paragraph 14:

On 7 August, 1929, there began the actual work of throwing up the canal banks by means of drag lines, though the assembling of construction plant began earlier.

Now, if that is the fact it alters the situation very much in regard to Mr. Cameron's evidence as to their commencing in the spring of 1930. They actually commenced work, as this memorandum says on the 7th August, 1927.

The CHAIRMAN: Gentlemen, will we sit to-night.

Mr. JACOBS: No.

Hon. Mr. MACKENZIE: Certainly, let us sit.

Mr. JACOBS: It is too hot. We had a gentlemen's agreement that we would sit twice a day.

By Mr. Lennox:

Q. I would like to ask a question now. You are the engineer in the Public Works Department.—A. Chief Engineer, Public Works, that is my title.

Q. And Mr. McLachlan is the Chief Engineer in the Department of Railways and Canals.—A. Col. Dubuc is the Chief Engineer.

By Mr. Lennox:

Q. Now, you seem to be absolutely opposed to each other.—A. Well, we seem to differ materially on some things.

Q. Is there any feeling between you.—A. No, sir.

Q. Have you discussed it.—A. Well, sir, I did not hear all his evidence on it.

Q. I do not mean now.—A. We have always been friends. I have known Mr. McLachlan since we were in school together. We have had differences but that does not mean that we are not friendly, not at all.

Q. I am just asking you the question. Now then, you knew that the conclusions he arrived at were different to yours.—A. Some of them were entirely different to mine.

Q. You saw his report.—A. No, sir. The only report that I have seen is the one that we jointly signed, and one or two letters, one of which was read this afternoon.

Q. Did not you know that he did not agree with you in many things? You know to-day.—A. I know now what I did not know before.

By Mr. Jacobs:

Q. You signed the joint report.—A. I stick to my report. That is about all I can say.

By the Chairman:

Q. You all agreed on the report which you signed.—A. Yes, sir.

By Mr. Lennox:

Q. But there is no personal feeling between you.—A. Positively not. We have always disagreed, put it that way; but we are perfectly good friends.

By the Chairman:

Q. Just one more question. In the order in council P.C. 422 this condition seems to be reiterated throughout, that only 40,000 cubic feet per second shall be diverted from the St. Lawrence river?—A. Yes, sir.

Q. Now, are these sluices, or whatever you call them at the power house, as the plans contemplate, of such a kind and character that only 40,000 cubic feet will go through?—A. No, sir. You can control them.

Q. I am speaking of the maximum flow.—A. Yes. The maximum flow is more than 40,000 cubic feet.

Q. The Beauharnois company, by reason of certain assignments of interest to them, would appear at the moment at least to have the right to divert some 53,000 feet?—A. Yes, sir.

Q. Which is the maximum?—A. They have I understand that. In our Department we have no official knowledge.

Q. But 53,000 cubic feet so far as you know is the maximum that they can pass through the power house?—A. Yes, sir.

Mr. WHITE: Does he say that.

The CHAIRMAN: Yes. Will 53,000 cubic feet flowing at the velocity that this water takes it, and with the head that it has, produce 500,000 horsepower?—A. Oh, I would not think so.

Q. Well, work it out.—A. 424,000.

Q. So that in order to produce 500,000 horsepower with the head they have they would have to divert something over 60,000 cubic feet?—A. Yes, sir.

Hon. Mr. MACKENZIE: 62,500.

The WITNESS: Approximately that.

By the Chairman:

Q. And if you ever catch them doing it there will be something happen down there to the Beauharnois company.—A. Surely. We are not going to let them do it.

Mr. MONTGOMERY: As regards the 500,000, Mr. Chairman, I think it is perhaps quite proper to point out there—and we can furnish you with the evidence if you like—that these two large 400,000 horse power contracts are 85 per cent load factors and that is what takes up the slack. It is not 500,000 constant power. They are limited to 85 per cent load factor.

The CHAIRMAN: Have you got the prospectus that was issued by the brokers.

Mr. MONTGOMERY: That 500,000 is 500,000 commercial power. 400,000 of that, for instance, is at 85 per cent load factor which ties in with that prospectus perfectly.

The CHAIRMAN: Well, now, it does not say anything here but a plain statement "after the completion of the present 500,000 horse power." It does not say low factor or high factor.

Mr. MONTGOMERY: Load factor.

Mr. JACOBS: They have not seen any details yet.

Mr. MONTGOMERY: Those are commercial horse power. Now, as regards the question which was last asked the witness, we have had the question of the width, and you have been asked as to the disagreement between yourself and Mr. McLachlan. And there were a number of other objections which have been taken by Mr. McLachlan during his evidence of last week, as well as of this morning. Were the majority of those, so far as you know, ever communicated to you before.

Mr. WHITE: He says he does not know what they are.

Mr. MONTGOMERY: He says he heard his evidence this morning.

The CHAIRMAN: Mr. Montgomery, he says he always disagrees with Mr. McLachlan. The only thing he agrees on are the figures that he works out with regard to the horse power.

Mr. JACOBS: They agree on mathematics.

By Mr. Montgomery:

Q. As regards this element of cross current I would like to have his answer on that. Mr. McLachlan has given us a dozen different objections, I suppose, and I would like to know if Mr. Cameron is in a position to state whether these objections have ever been made known to anyone else, or to himself as the responsible officer of the Department of Public Works, prior to Mr. McLachlan coming here giving evidence in the witness box.—A. I had no knowledge that Mr. McLachlan was going to make the exception on that score.

By Mr. Lennox:

Q. He has made a number of objections.—A. Yes, sir.

Mr. LENNOX: I think it is fair to Mr. Cameron if you let him see Mr. McLachlan's evidence.

Mr. MONTGOMERY: Perhaps we can do that at the next sitting.

By Mr. Montgomery:

Q. And on that question of cross currents at the entrance to the canal, if I remember correctly there are certain remedial works shown designed to hold up the level of Lake St. Francis, are they not.—A. Oh, yes.

Q. And what effect would those works have upon the current.—A. Well, the effect would be, Mr. Montgomery, that if and when they are placed into operation subsequent to the withdrawal through the company's canal of 40,000 second feet of water there would be what I would call a diffusion of current between the natural course down the river and the course towards the company's intake which would, to my mind, make quite a perceptible difference in the current which there exists.

By the Chairman:

Q. That is all, I assume, that these remedial plans are going to approve of.—A. That is all. I assume that the 40,000 cubic feet would be diverted.

By Mr. Montgomery:

Q. At the Lake St. Francis end, that is shown on the plans, the plans filed and which were approved by order in council P.C. 422, those remedial works are shown there.—A. It shows the suggested scheme of remedying the condition in that channel.

Q. And there are detailed plans, more or less detailed plans attached to the big general plan.—A. Yes.

Q. And those plans are still of record and still in your department?—A. Yes.

The CHAIRMAN: Are these the plans that were approved?

Mr. MONTGOMERY: Yes, sir, those are the plans that were approved.

The WITNESS: If I may be permitted, the committee of engineers recommended against the approval of the scheme of rectification in the river section.

By Mr. Montgomery:

Q. I take it then that this would be included among the modifications which were suggested in the order in council.—A. Yes.

Q. Modifications subject to the approval of the Minister of Public Works.—A. Yes, specifically.

Q. And those plans are still of record of course?—A. Oh, yes.

By the Chairman:

Q. Has the Minister of Public Works approved of them?—A. No.

By Mr. White:

Q. Is there any chance of their ever being approved in their original form.
—A. No, sir. That is, we are referring to the remedial works below Lake St. Francis down to Lake St. Louis.

By Mr. Montgomery:

Q. Accompanying the application submitted to you were 12 plans among which were plans showing the general scheme of remedial works down the river.
—A. Yes.

Q. And those plans were among the plans approved subject to the conditions in the order in council as to such modifications as might be suggested by the Minister and having the details approved by the Minister.

Mr. WHITE: Mr. Chairman, does not the order in council speak clearly about it?

Mr. MONTGOMERY: I am not speaking about the order in council except to identify it with the plans.

Mr. WHITE: My learned friend's question seems to me to be very objectionable, leading to the view that the order in council 422 provided for ordinary plans for the work in the river, whereas the Board provided that they should not be approved, and the order in council provided that they should be subject to such amendments as they might recommend.

Mr. MONTGOMERY: The order in council concludes as follows:

(subject to the foregoing conditions and to such additions, improvements, operations, changes, substitutions, modifications or removals as may be ordered or required thereunder) the annexed plans of works, and the site thereof, according to the descriptions and plans attached, in booklet form, which works are proposed to be constructed by the Beauharnois Light, Heat and Power Company, with respect to the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis,—

then I skip down—were recommended for approval," that is that they were approved subject to modifications.

Mr. WHITE: In other words, they were not approved.

Mr. MONTGOMERY: I do not argue it.

Mr. WHITE: My learned friend makes that statement and I cannot let it go uncorrected.

Mr. MONTGOMERY: You have argued your case a dozen times.

The CHAIRMAN: Mr. White has a perfect right to argue this case a dozen times.

Mr. WHITE: I am not going to let my learned friend get away with his statement, if I can prevent it.

Mr. STEWART: Mr. Cameron, I would like to read you this:

In case my position may be thought to be prejudiced in the matter between the time the committee's report was signed and the order in council was passed, I met at Mr. Cameron's office Mr. Brown, one of the engineers of the Beauharnois Company, and stipulated the canal should be only 1,300 feet on the water,—

I am reading from Mr. McLachlan's testimony.—A. No, sir, he did not meet me there, and for a very good reason. I had a sprained wrist and could not get cured of it and I had been away from the office under the doctor's orders and could not go there.

Mr. JACOBS: And you were unable to show your hand.

By Mr. Stewart:

Q. This is 1929?—A. Yes.

Q. Would you have nobody there in your place?—A. Oh, yes; but he did not meet me personally.

Q. Would you have a representative there who would report to you?—

A. Oh, yes, he may have discussed it with Mr. Coutlee and Mr. Brown at my office.

Hon. Mr. MACKENZIE: He does not say he met Mr. Cameron there.

Mr. STEWART: I asked him if he had a representative there, and if he had a representative there surely he must have been informed of the meeting which took place.

Hon. Mr. MACKENZIE: Yes, I think so.

Mr. WHITE: What is the date that he says the meeting was?

Mr. STEWART: Before the order in council was passed.

The WITNESS: The report was out of our hands. We had all signed it and passed it on. We did not change the report at all.

By Mr. Stewart:

Q. I asked if there was any discussion regarding the width of the canal.—

A. The order in council was passed before that.

Q. I asked you this morning if there had been any discussion regarding the width of the canal, and your answer was in the negative?—A. Yes.

By Hon. Mr. Mackenzie:

Q. Do you know anything about that meeting referred to there?—A. No, I do not.

By Mr. Lennox:

Q. He also follows it up by saying: I also wrote Mr. Cameron on July 6th, 1929.—A. That letter was read this afternoon.

Mr. JACOBS: We will require the clerks who are in attendance here to accompany us to Beauharnois to-morrow morning, and I would move that Messrs. Dun, Taschereau and Doyle accompany the committee on their trip to-morrow.

Mr. STEWART: I second that.

Carried.

Mr. JACOBS: Will we have the assistance of these engineers to-morrow, Mr. Chairman?

The CHAIRMAN: I think we could get along better without them.

Has any arrangement been made about going down on the train?

Mr. JACOBS: Yes, at ten minutes to nine daylight saving time. I understand arrangements have been made.

Mr. WHITE: Mr. Chairman, Mr. Forsythe has asked me if it would be permissible for him to have the file, Exhibit No. 17, to-night. He wants to look through it.

The CHAIRMAN: I do not know what the rule is, but I see no objection.

Hon. Mr. MACKENZIE: I think he might have it.

Mr. FORSYTHE: It is a tremendous mass of material, and I would like the opportunity to go through it to-night.

The CHAIRMAN: We will leave on the Canadian National to-morrow, and at Valleyfield arrangements are made to have sufficient transportation for the committee and those who have to accompany them, to go over the works.

Mr. WHITE: 8.50 daylight saving time to-morrow morning.

Mr. JACOBS: Yes.

Committee adjourned at 5.15 p.m.

APPENDIX—REPORT OF CHIEF ENGINEER CAMERON

NOVEMBER 13, 1930.

MEMO FOR DEPUTY MINISTER

The Beauharnois Light, Heat and Power Co., asked for, under Sec. 7, Chap. 140, The Navigable Waters Protection Act, and received by P.C. 422, of March 8, 1929, approval of its proposed development, to divert from Lake St. Francis to Lake St. Louis and use an initial flow of 40,000 cubic feet per sec., and of plans and site of works proposed to be constructed in the St. Lawrence river with respect to the diversion of the flow of water mentioned above.

The application was approved on certain conditions recited in the order in council.

Under condition number 11, which is:

(11) The Company shall not commence the construction of the works until detailed plans of construction and all necessary information respecting the said work have been submitted to and approved of by the Minister, provided that such plans and information shall be submitted within one year.

the Company submitted, with its letter of July 29, 1929, detailed plans of its proposed works, for approval by the Minister.

The plans as filed were discussed in considerable detail with the Engineers representing the Company, and in consequence modifications have been incorporated in the revised set of plans of which approval is asked by the Company's letter of August 22, 1930.

The interest of the department in this case and the points underlying the approval of the plans are:

A. Do the proposed works provide for adequate control of the outflow of the St. Lawrence river from the Lake St. Francis section so that conditions Nos. 2, 3, 19 of the order in council of March 8, 1929, may be made effective. These conditions are:

2. The works approved, or which may hereafter be approved, or designed, or made, shall at no time raise the natural level of water in the River St. Lawrence above the international boundary or in any way contravene the terms of the Boundary Waters Treaty of 1909, or the Treaty of Washington of 1871.

3. The works approved, or any modifications therein, which may hereafter be made or approved, shall be operated in conformity with the requirements of navigation on the St. Lawrence River, and the diversion of water shall not at any time exceed the maximum quantity of 40,000 cubic feet per second.

19. The Company shall provide gates in its power-house of such capacity as will discharge 40,000 c.f.s. under the most adverse conditions of head and tail water level to be anticipated and to the satisfaction of the Minister.

It is my opinion that the plans of works provide satisfactorily for the degree of control necessary.

B. Do the proposed works provide the future navigation channel between Lake St. Francis at deep water in Hungry Bay to the site of the proposed navigation locks at Melocheville.

The conditions of the order in council which refer to this feature are:

5. The Company shall construct and maintain its canal so as to give a clear width of 600 feet on the bottom, a depth of 27 feet at low stage, and so as to afford average velocities of not more than 2.25 feet per second under any conditions of operation.

The radius of curvature shall not be less than 5,000 feet and one embankment shall form a prism on the north side of the canal. The Company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of the International Joint Board of Engineers report. Such protection lining as will be required to preserve slopes when the canal is used for navigation shall be furnished.

The dam and all other works of the Company, upon and along the canal, including the canal itself and the embankments, walls and retaining structures, and the sub-structures for the movable spans mentioned in clause 10, shall at all times be maintained in a proper state of repair by the Company, so that the canal and every part thereof shall be constantly available for the purposes of navigation throughout the period of the above recited lease or any renewal thereof so far as the dam and works situate upon provincial Crown property are concerned, and for all time so far as works situate upon the property of the Company are concerned. For the purposes of these conditions "navigation" means local navigation throughout the reach of the canal and through navigation when the locks and appurtenant works mentioned in clause 7 are completed.

7. Whenever the Governor in Council shall decide to construct locks and appurtenant works to connect Lake St. Louis with the canal reach for navigation purposes, His Majesty shall have the right, by his servants or agents, to enter upon and use any part of the applicants' lands, buildings, property or works which may be required for the purposes of such construction, and for the operation and maintenance of such locks and appurtenant works when completed, and the applicants shall convey to His Majesty the King in the right of the Dominion of Canada, free of all cost or encumbrance, the title to the necessary land sufficient for the site of such locks and appurtenant works, and no claim for any indemnity whatsoever owing to loss or inconvenience to works, operations, installations or distribution of power will be made by the Company, arising out of the construction of temporary or permanent works by His Majesty, either at the entry works, along the course of the stream, or at or below the proposed works.

It is to be noted that the Company has not submitted for approval the plans of bridges referred to in condition No. 10. Those plans, when received, will be covered by a separate report.

The dimensions of the navigation passage proposed meet the requirements of condition No. 5. As no comparable construction conditions, involving the disposal of such quantity of material as is involved in the Company's scheme, were encountered in the study made by the Joint Board of Engineers and published in their report of November 16, 1926, the embankments proposed by the company have been designed to meet the conditions peculiar to their project.

The Company has executed the agreement, dated, 30 July, 1929, Departmental No. 18047, authorized by P.C. 1244 of 19 July, 1929, to meet the requirement of conditions 7 and 9 of the order in council of March 8, 1929.

Q. If it is the intention to maintain a navigable depth and width in the St. Lawrence river between Lake St. Francis and Lake St. Louis works would

be required to compensate for the diversion of 40,000 cubic feet per second of water contemplated in the order in council of 8 March 1929.

The Company submitted plans of proposed works at the time it applied for approval of its scheme. These were not considered satisfactory.

The Company submitted plans of proposed works for this purpose with its letter of the 29th July, 1929. These plans have been withdrawn for amendment by their letter 22nd August, 1930, and they have not yet re-submitted their scheme for this section.

It is to be observed that the Dominion Government has provided, in the existing Soulanges Canal, adequate means for commercial navigation to pass from one lake section of the St. Lawrence to the other. The river channel between the lakes is used by the Canada S. S. lines passenger vessels running the rapids.

I am advised that the company have so far been unable to design compensating works in the River Section which will meet the requirements of navigation as it exists down the River Channel, and at the same time compensate the Montreal Light, Heat and Power Company—Cedars Rapids plant. Both these interests will disappear as such when the time comes for the further development of this section of the river for a further amount of power.

It is observed that the Committee of Engineers which studied the Beauharnois Light, Heat & Power Co., project observed in their report of 30 January, 1929;

With respect to the effect of works on river or rapids navigation, the committee finds that the diversion of 40,000 c.f.s. will adversely affect navigation in the Soulanges section and that the works proposed by the company for rectification purposes in this section are not satisfactory.

The Committee finds, however, that with modifications therein there is a reasonable likelihood of the present condition being largely recovered. It is pointed out by the Committee that these works are largely experimental, are relatively costly, and in view of the possibility of the balance of power being developed in a short time, the expenditure involved is likely to be lost before many years.

As to the Montreal Light, Heat & Power Company's investment in the Cedars Rapids power plant, the approval of the company's works was subject to regulation No. 23, which is:

23. The company shall save the Dominion Government harmless should the construction of the works affect rights heretofore existing above, below or comprised within the area of the proposed works, the Company to be responsible for and to compensate for any damage which may be caused by the works to other companies or interests owning or operating water-power on the St. Lawrence River including Lake St. Francis, and the company shall settle, pay and fully provide for the claims of riparians and other persons who may sustain any loss or damage in consequence of the construction of the said works or any of the works which the company may require to construct and maintain for the purpose of restoring and maintaining the navigation of the St. Lawrence.

Attention is also drawn to regulation 12, which requires:

12. No work in the St. Lawrence river shall be undertaken until a program of construction shall have been submitted to and approved by the Minister.

The situation therefore is that the company have filed plans of the Navigation Works on its land property and of the Control Works at the outlet of Lake St. Francis but have withdrawn for amendment and have not re-submitted plans of its proposals in respect to the river channel below Lake St. Francis, or its program of construction required by Condition No. 12.

Subject therefore to the application, as may be required, of Condition No. 4;

4. Notwithstanding the approval herein contained the Minister of Public Works may at any time.

- (a) order any additions to, improvements, alterations, or changes in substituting for or modifications or removals of works constructed or in course of construction or proposed or required to be constructed by the Company pursuant to this approval, and
- (b) at any time require the Company to construct and maintain such further or other works as the Minister may consider are required fully to preserve or restore and maintain the navigation on the St. Lawrence river, and may from time to time require the company to make such changes or modifications in the said works or to remove the same or any part thereof, or to substitute other works in their stead, as he may in his judgment consider necessary for such purpose, and

The Company shall comply with, observe and perform all orders and requirements under clauses (a) and (b) hereof.

and to the company submitting and obtaining approval of its program of construction for works in the St. Lawrence river, under Condition No. 12, prior to obtaining which no diversion is permissible, I would recommend approval of the plans submitted.

Chief Engineer.

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Canada, Beauharnois Power Project
Special Committee (House)

SESSION 1931

HOUSE OF COMMONS

(SPECIAL COMMITTEE)

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

THURSDAY, JULY 2, 1931



WITNESSES:

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont.

Mr. Percy Anderson, Assistant Counsel, Law Branch, Department of Railways and Canals, Ottawa, Ont.

OTTAWA
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1931

EXHIBIT FILED

No. 35.—File No. 16299, Department of Railways and Canals, Ottawa, Ont., *re* application for conveyance of part of Hungry Bay Dyke.

MINUTES OF PROCEEDINGS

THURSDAY, July 2, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m., Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugene), Gardiner, Gordon, Jacobs, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was recalled and further examined.

Mr. Cameron stood aside.

Mr. Percy M. Anderson, Assistant Counsel, Law Branch, Department of Railways and Canals, Ottawa, Ont., was called, sworn and produced,—

Exhibit No. 35.—File No. 16299, Department of Railways and Canals, Ottawa, Ont., *re* application for conveyance of part of Hungry Bay Dyke.

Mr. Anderson retired

The examination of Mr. Cameron was resumed.

Mr. Cameron retired.

At the suggestion of Mr. White, K.C., of counsel for the Committee,—

Ordered,—That Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal, Que., be summonsed to appear on Tuesday, 7th July, and to produce Beauharnois Light, Heat and Power Company and Syndicate correspondence, prospectuses, etc., relating in any manner to this project.

The Committee adjourned until to-morrow at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 231,

THURSDAY, July 2, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. L. Symes, for the committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., I. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the Province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

Mr. GORDON: All right, Mr. White, we shall commence.

KENNETH MACKENZIE CAMERON, recalled.

Mr. WHITE: I should like to clear up the question of the entrance to the proposed canal from the Lake St. Francis end. I understood you to say that first the plans which were originally attached to the letter of August 22nd, 1930, part of Exhibit 18, were somewhat modified by you before approval. Your approval was on the 13th November, 1930, and that these suggested modifications or changes were embodied in the other plans which were filed with the department, and dated August 22nd?—A. Yes sir.

Q. I have looked at those plans which are part of Exhibit 18, and I find no modification, at least, so far as I can read the plans, I find no modification or narrowing of the width at the St. Francis or west end of the canal; in other words, the opening through the dyke, the width between the embankment there shows something, I take it, in excess of 3,300 feet?—A. Yes, it would.

Q. Considerably in excess?—A. It is splayed out.

Q. That is the mouth. Is it proper to call it the mouth of the canal there?—A. The source, I suppose.

Q. The entrance to the canal is splayed out, or goes out in a sort of curve at the dyke as shown on this plan, and the distance between the embankments is somewhat in excess of 3,300 feet?—A. Yes, sir.

Q. Looking at that plan, would you care to make any estimate of it, or is it scaled?—A. Yes, there is a scale, 2,000 feet to the inch.

Q. Have you a scale?—A. I am sorry, I have not.

Q. Would you just take the scale furnished and measure along the dyke there?—A. Yes.

Q. Tell us about what width it is there?—A. About 4,800 feet.

Q. Then you told us about what the plans indicated to you as to the opening in the dyke?—A. Yes.

Q. Is there any provision in any plan other than the one at which you are looking embodying your ideas as to modification of the plan filed on August 22nd, 1930, as to the opening, the width of the opening, in the dyke?—A. No sir, there is no other plan.

Q. No other plan?—A. Not that I have any recollection of.

Q. So that the only provision we have governing the introduction into the canal, or regulating the introduction into the canal of a maximum of 40,000 c.f.s. is the width of the opening as you say it is indicated upon this plan, part of Exhibit 18?—A. I would hardly answer that just definitely "yes sir", for this reason, that condition No. 12 of the order in council has not yet been complied with and I would take it—

Q. Condition No. 12 I take it to be applicable to the remedial works only?—A. No, works in the river.

Q. Remedial works?

Mr. FORSYTHE: No, it does not say remedial works.

Mr. WHITE: We were given to understand the other day—I cannot follow the contention of the parties—I understood we were given clearly to understand that there was a clear distinction between condition No. 11 and 12.

The CHAIRMAN: That is obvious.

Mr. MONTGOMERY: I hope you won't draw any inference from argument.

The CHAIRMAN: Reading No. 12 leaves no doubt. "No work in the St. Lawrence river shall be undertaken—"

Mr. WHITE: I thought it was clear. No. 12 says:—

No work in the St. Lawrence river shall be undertaken until a program of construction shall have been submitted to and approved by the Minister?

A. Yes, sir.

By Mr. White:

Q. I take it that means just exactly what it says?—A. Yes, sir.

Q. That it is not a work in the St. Lawrence river, as far as work is concerned, it is on land owned by the Dominion government upon which the work has been constructed?—A. Yes, that is quite true.

Q. Perhaps with that explanation, and you have agreed with what I suggest, you will answer the question. Are you in a position now to answer the question?—A. I think I get your point, sir. There is nothing to indicate, I am quite free to admit, according to the plan, that that section of the dyke only was to be touched.

Q. That is not exactly what I want to get at. I do not agree with you, and I think other engineers would not agree with you; but that plan does indicate an opening into the dyke. However, that is subject to further evidence and argument, and you and I need not get at cross purposes about it?—A. No, it is still my intention,—

Q. You have very definite ideas about it, apparently. The question is, other than this plan, is there any other plan, or is there anything to indicate how the introduction of any more than 40,000 c.f.s. into the canal, the diversion of that amount from the St. Lawrence river will be regulated or controlled?—A. Yes, sir, there is a plan here showing the capacity of the sluices at the power houses to regulate the flow down the channel.

Mr. MACKENZIE: Which plan is this, Mr. White?

Mr. WHITE: This is the plan with Exhibit 18, the one originally sent with the letter of October 22nd, 1930.

Mr. MONTGOMERY: You said October, it should be August.

The WITNESS: The point I would make sir, is that no matter what the width is here, suppose they had left it the full width, until they had opened the other end no water would flow through at all.

By Mr. White:

Q. Mr. Cameron, you told us very distinctly the other day that the reason that you modified it was that you felt you were responsible for the amount of water that was introduced into the canal, that you therefore confined the opening to the 600 foot channel, which would be sufficient for the withdrawal of 40,000 cubic second feet. Now, did you mean that?—A. What I think I said—

Q. Did you mean what you said?—A. Yes, I meant what I said.

Q. Am I correct in my general interpretation of it?—A. No sir.

Q. In what respect am I not correct?—A. I said the order in council provided that the channel was to be 600 feet wide and 27 feet deep, and I thought that—

Q. 600 feet wide at the bottom?—A. At the bottom, and 27 feet deep. I think if that showed anything which would indicate that anybody could possibly construe as the intention of anyone to widen any further than that; that they were not within the limits set by the order in council.

Q. With a channel being dug there of 4,800 feet—A. 4,800 feet.

Q. —what would be the sense of digging it that width at that point if it was not for the purpose of introducing more water ultimately?—A. May—

Q. Will you answer that? Is there any rhyme or reason or sense in digging a channel 4,800 feet wide for the introduction of—A. The channel is not being dug 4,800 feet wide, sir, the banks of the dyke on natural ground are that far apart.

Q. Is there any object in putting these banks that far apart at that point other than the introduction of more than 40,000 c.f.s. of water?—A. I presume that—I always had in mind if they could get more water they would be glad to get it; that is not within my purview.

Q. You knew all about what they were doing?—A. Yes, sir. I never had any doubt in my mind that they would come back and ask for more water.

Q. That is the reason they were putting the banks as wide as that?—A. Surely, no doubt in my mind.

The CHAIRMAN: We have been whaling away for days, and have not got an expression from you as frankly as we should like?—A. I can give you that perfectly frankly; I never had any doubt at all in my mind in that score.

Mr. STEWART: Mr. White is asking about the width of the intake.

Mr. WHITE: I was trying to find out Mr. Cameron's reason for modifying the plan that was filed in some way to indicate the opening in the dyke—

The WITNESS: It is 600 feet at the bottom.

Q. How many?—A. 27 feet deep.

Q. How many feet is it on top?—A. Whatever the slope would be that the material would be held at.

Q. Don't you know?—A. I cannot tell you off-hand, sir.

Q. Here are the plans. Tell us.—A. I will have to figure it out at water level; the width at the water line would be approximately 880 feet.

Q. What is the slope on the bank?—A. The slopes shown on the plan are 4 to 1 from the ground level down and 3 to 1, 3 horizontal and 1 vertical from ground level up to the water line.

Q. Do you say at that point there is sufficient slope?—A. I would think so, sir.

Q. So you found it about 800 feet—A. 880 feet.

Q. Is that exact?—A. Well, as near as I can scale it from the plan.

Q. I know. Is it exact? Is there any record which shows the exact width of the opening of the dyke which you have recommended. I mean exact, because it is a question of conveyance by the Department of Railways and

Canals of a perfectly described piece of land.—A. No sir, there is nothing; there is no definite section taken right along the dyke at the point where the opening is.

Q. May I take it as a categorical answer to my question?—A. Yes, sir.

Mr. STEWART: I would like to put that down. What was that again, Mr. Cameron?

The WITNESS: At the intersection—

Mr. JACOBS: The reporter will read it for you. (Reporter reads):

No, sir, there is nothing; there is no definite section taken right along the dyke at the point where the opening is.

By Mr. White:

Q. Well, if, as and when, the Department of Railways and Canals comes to convey this property, that is, the section of the dyke, how are they going to know what they are to convey?—A. Well, they will have to take the application from the company and check it up and see whether there is too much or enough.

Q. There is nothing definite, as I take it from you, upon which they can go, no definite section recommended by you?—A. Well, I do not think that; I think there must be. I must have misunderstood you. The location of the 600 foot bottom width canal is known.

Q. Where is the centre line of it by anything that is fixed on the ground? How can an engineer go down to the spot of that dyke and find the centre line of the 600-foot channel, a surveyor?—A. The base line on which the work is being carried out is staked out down there, and is—

Q. I know. Will you please try to look at it from our standpoint?—A. Yes, sir. The base line, the control line on which all the works are referred is staked out down there; the position is known.

Q. What is the control line? How would I find it out if I am a surveyor going down there?—A. Go down and ask the engineer to point it out to you.

Q. There is no plan showing it, is there. It is not shown on any of these plans?—A. Not shown on any of these plans, no, sir.

Mr. JACOBS: We saw the ditch there yesterday about, I should think, three or four hundred feet away from the dyke.

Mr. WHITE: Whatever it is.

Mr. JACOBS: I suppose they just continue the ditch along a straight line.

Mr. WHITE: A surveyor has to go out and make a correct description of a piece of land that is required to be conveyed.

Mr. MONTGOMERY: Mr. White, would you mind asking Mr. Cameron to look on the plan and see if the base line is not indicated on No. 1.

By Mr. White:

Q. Will you do that, please. I assume Mr. Cameron would know that?—A. That feature is not quite in the picture definitely, yet. The location of the dyke is definitely referred to on the plan.

Mr. MONTGOMERY: The base line is what I had in mind.

By the Chairman:

Q. Is there a base line?—A. There is a line indicating the base line. I notice it is marked here, too. It runs along the top of the dyke.

By Mr. White:

Q. Which dyke?—A. The north dyke, sir, the north embankment.

Q. Follows along the north embankment. That is the side immediately adjoining the 27-foot channel?—A. Yes, sir.

Q. So in order to get that, one would have to measure from that to the centre line of the canal, and then figure his slopes?—A. Yes, sir.

Q. And then determine how much has to be taken out?—A. Yes.

Q. There is no definite determination on this plan at which you are now looking?—A. No.

Mr. MACKENZIE: Has the application from the company to the Department of Railways and Canals been filed?

Mr. WHITE: Mr. Morin will look up that.

Sir EUGENE Fiset: Are you sure this is not one of the plans that has been withdrawn? Do you know if in the plans that were withdrawn there was a plan indicating exactly the mouth or the opening of the dyke and the extension of the work into the river?

The WITNESS: I cannot tell you that, sir, off-hand, no, sir.

By the Chairman:

Q. Is it fair to assume that your department is leaving it pretty well to the engineers of the Beauharnois company to project their plans as the work progresses, and then you will recommend the plans submitted to you from time to time?—A. From time to time they come to us with ideas, and they say:

Now, for such and such a purpose we suggest this as an improvement in the scheme, and we discuss it.

Q. Have they done that from time to time since inception?—A. Yes, sir.

Q. The only change that you have recommended is to draw a line across the outlet of Lake St. Francis on the plan?—A. That and the control at the power house end.

Q. To see that the sluice sources were properly done?—A. Yes sir, so that we could definitely control the flow of the water.

Q. The changes you recommend on the plan is the drawing of a line across the entrance. You, yourself, do not know from the plan where the centre line of the outlet through the dyke will be?—A. Well, it will be approximately half of the 4,800—south of the base line.

Q. We will put it this way, the plans that you approved of show something of a line across the mouth of the outlet to Lake St. Francis, and something in connection with sluices raised at the opening to Lake St. Louis. It does not show exactly where the outlet through the dyke will be? You cannot identify it from the plan attached to exhibit 18?—A. Well, it would be a matter of probably being out a mere 10 feet. It is a question—

Mr. WHITE: Quite a distance on the end of one's nose.

Sir Eugene Fiset has asked as to the application to the Department of Railways and Canals, and Mr. Morin has pointed out that that appears on page 175 of the Evidence. It is a plan of the 29th July, 1929, and I would have supposed that, in view of the plan not having been approved until November of 1930, there would of necessity be some modification.

Hon. Mr. MACKENZIE: Is that the plan approved of in the letter?

Mr. WHITE: It cannot be.

Hon. Mr. MACKENZIE: Evidently the plan referred to in this letter gives the description of the land applied for.

Mr. WHITE: This letter from the company of July 29, 1929, says:

The Beauharnois Light, Heat and Power Company desires to make application for a certain part of the dyke on the South shore of Lake St. Francis, known as "Hungry Bay Dyke," Lot No. 340 of the Parish of

Ste. Cecile, County of Beauharnois, now owned by the Department of Railways and Canals of Canada. The attached description and plan No. 291-9-9, signed by Mr. Arthur W. Sullivan, Q.L.S., indicates in detail the limits of the property required by the company.

Now, I think we will have to send for that plan and we will know what the application was.

Do you know, Mr. McLachlan, whether that would be in your files or in the files of the Secretary of the Department?

Mr. McLACHLAN: It would be in the files of the Secretary of the Department.

Mr. WHITE: I wonder if Mr. Dun would communicate with the Secretary of the Department and ask if he would let you have it or would bring down here that file?

Sir EUGÈNE Fiset: If you read the last part of the paragraph which you have just read from, I think it indicates really what Mr. Cameron has said:

The detailed plans and information submitted to the Minister of Public Works, in pursuance of Condition No. 11 of the said order in council, show the salient features of the proposed canal.

Mr. WHITE: Yes. Those detailed plans were never approved.

Sir EUGÈNE Fiset: They were plans 291-9-9 with the Department of Railways and Canals, which will show the whole details of the plan?

Mr. WHITE: Quite so.

Mr. MONTGOMERY: They check, you observe, with the second set of detailed plans sent up on the same date.

Mr. WHITE: We will find out how much of the dyke they were at that time applying for.

Sir EUGÈNE Fiset: Mr. Chairman, do you think it would be a fair question to ask Mr. Cameron whether the plan referred to deals entirely with the construction of the canal itself outside of the portion on the western side of the dyke, which includes Federal property as well as Provincial, as well as Hungry Bay?

By Sir Eugène Fiset:

Q. You have not dealt with the property at all which is dealt with by the Department of Railways and Canals?—A. No, sir. In my report I state that until certain things are done by the Company it will be impossible to recommend that permission be granted to bridge the dyke.

By Mr. White:

Q. What are those things?—A. That they shall file their application, their plans, for approval of the remedial works for the river section of the development, that is from Lake Francis down to Lake St. Louis, and that they shall file their program of improvements under Condition No. 12 of the order in council.

Q. You do not mean only file, but you mean until they are filed and approved by you or on your recommendation by the Minister?—A. Yes, sir.

Q. In other words may we take it that until the Minister approves of the plans of the remedial works and the works in Lake St. Francis, you are not required to make any recommendation in regard to bridging of the dyke?—A. Oh, I recommended that they be not bridged, definitely, I think. You will find that in the November 14 report.

Mr. STEWART: Page 261, right at the bottom of the page.

By The Chairman:

Q. Mr. Cameron, what is going to happen to the highway on the dyke after it is done?—A. We have always considered that, sir, primarily a municipal and

provincial matter, and it was up to the company to satisfy the municipality in the various jurisdictions, up to the province, and to show us.

Q. The highway was on the dyke?—A. Yes.

Q. The dyke belongs to the Dominion Government?—A. Yes, but the highway, I think, is there by sufferance.

Q. Who does the improvements on that highway?—A. That I cannot tell you, because the Public Works Department has not anything to do with the Hungry Bay Dyke.

Q. Who has? The Department of Railways and Canals, who built the highway on the dyke?—A. That I could not tell you, sir.

Q. I gathered from some evidence that was given earlier in the investigation, that the Dominion Government through one Department or another spent considerable monies in keeping the dyke in repairs?—A. Mr. McLachlan said that in his evidence, and he would be in a position to know, because he is with the Department of Railways and Canals.

By Mr. Jacobs:

I gather that these are rather water-tight departments, and that the right hand does not know what the left hand is doing?—A. I hope I have not left that impression with the committee. That is one of the things I have endeavoured not to do.

By Hon. Mr. Mackenzie:

Q. You cooperate to do that?—A. Yes.

By The Chairman:

Q. The evidence which has been given from the Department seems to indicate that there was a conflict of views between the Departments, or let us put it in this way: one Department was unable to identify the effort of the other?—A. Well, sir, insofar as the Hungry Bay Dyke is concerned, that is a portion of the Government property administered by the Department of Railways and Canals and is recognized by me as such, and I have always told the representatives of the company, on more than one occasion, that they would have to produce evidence of their having satisfied the Department of Railways and Canals in respect to that matter.

By Hon. Mr. Mackenzie:

Q. There may be such a thing as a question of jurisdiction between the Departments?—A. I cannot help that. I try my best to work harmoniously with them, and they do with me.

By The Chairman:

Q. In your evidence given the other day, you stated in effect that the wharf sites down on the south bank, where acquired, would be acquired by the Dominion government because slipways would be dredged in from the main navigation channel, where boats could go down the slipways and tie up at the wharfs. I was interested in that statement of yours, after going over the ground. Were you serious about that?—A. Well, sir, as I said it would only be in case such an expenditure were warranted. There are several locations for possible wharf sites. One has been suggested on the south side. There is one on the north side. There is supposed to be a perfectly good highway communication, and it is only to my mind in case a very large community would spring up on the south side that there would be any necessity for spending any money there.

By the Chairman:

Q. Building slipways?—A. Slipways and wharves. It is something that would have to be met when the circumstances warrant it.

By Mr. Jacobs:

Q. And if the whole of the St. Lawrence is diverted into it there will be no necessity for slipways?—A. If that is the case it would have to be dredged deep enough.

Q. If the entire stream is diverted into the canal there would be no necessity for dredging?—A. No. The dredging would be done.

Q. It would be done automatically?—A. Automatically, yes.

Mr. WHITE: 291, did you say, Mr. Stewart.

Mr. STEWART: No, 261.

By Mr. White:

Q. Will you look at your report, Mr. Cameron?—A. I have not got a copy, Mr. White.

Mr. WHITE: May I call Mr. Anderson for a moment, Mr. Chairman. He is from the Department of Railways and Canals.

The CHAIRMAN: Yes.

PERCY M. ANDERSON, called and sworn.

By Mr. White:

Q. Mr. Anderson, you produce from the Department of Railways and Canals File No. 16299?—A. Yes, sir.

Q. Which contains the original of a letter dated July 29, 1929, to the Secretary of the Department of Railways and Canals from the Beauharnois Light, Heat & Power Company, for the purchase of part of the Hungry Bay Dyke now owned by the Department of Railways and Canals, Canada?—A. Yes, sir.

Q. In which reference is made to the attached description and plan number 291-9-9 signed by Arthur W. Sullivan?—A. Yes, sir.

Q. The description follows and the plan is attached showing an application for the conveyance of so many lineal feet along the dyke. How many lineal feet can you tell, Mr. Anderson?—A. I have no knowledge of the actual merits—

Q. It is not a case of merit at all?—A. I have no knowledge of the actual facts in the matter.

Q. I see, you have not looked at it at all?—A. No.

Q. However, that is the plan referred to?—A. That is the plan referred to.

The CHAIRMAN: How do you describe that, Mr. White.

Mr. WHITE: File, Department of Railways and Canals No. 16299, application for conveyance of part of Hungry Bay Dyke.

The CHAIRMAN: That will be Exhibit No. 35.

Mr. WHITE: The description reads as follows:—

Description of a parcel or tract of land situated on the south bank of Lake St. Francis, in the county of Beauharnois, and commonly called Hungry Bay Dyke, which is to be acquired by the Beauharnois Light, Heat and Power Company from the Department of Railways and Canals of the Federal Government of Canada.

All and singular, that certain parcel or tract of land and premises situated, lying and being in the Seventh Concession of the Parish of Ste. Cecile, in the county of Beauharnois, and being composed of part of Lot No. 340 of the Official Plan and Book of Reference of said Parish of Ste. Cecile, indicated by the letters B-C-D-E-F-G-H-I-J-K-L-N-O-P-Q-R-S-T-U-V-W-X-B and outlined in red on the plan No. 291-9-9 hereto annexed, prepared by Arthur W. Sullivan, Quebec Land Surveyor,

dated June 17, 1929, which said parcel or tract of land may be more particularly described as follows:—

Commencing at a boundary stone monument planted in the year 1880 by C. E. Michaud, P.L.S., for the Department of Railways and Canals of that time, shown as B.S. B on plan, the said point B.S. B being at the distance of two hundred and two feet (202·0 feet) measured in a direction S. 10 degrees 51 feet W from another boundary stone monument at A, and at the distance of one hundred feet (100 feet) measured in the same direction from the point of intersection of the division line between lots Nos. 344 and 345 with the easterly boundary of lot No. 340 of the above said Parish.

Mr. McLachlan, will you scale this please, and see how much you make it.

Mr. McLACHLAN: I make it 8,600 feet.

Mr. WHITE: I think that is correct because you see the company, as I brought out yesterday, owns about 8,000 feet, that is, outside the canal; so that the application would correspond to the whole of the lands which they own and occupy on each side of the dyke.

The CHAIRMAN: Then do I understand this application is for the purchase of approximately 8,000 feet of the dyke.

Mr. WHITE: Yes.

The CHAIRMAN: Who approved of this application, anybody.

Mr. WHITE: Nobody has approved of it.

The CHAIRMAN: No engineer has approved of it, that is, no engineer of the department.

Mr. WHITE: It is simply in the file and an answer acknowledging receipt of the application, from the Secretary of the Department.

The CHAIRMAN: But no engineer of the Department has approved of it.

Mr. WHITE: There is a letter here which may throw some light on that. Again it is a departmental communication. I think it is not controversial.

Mr. JACOBS: I would not think so.

Mr. WHITE: This is from Mr. Pariseau, Superintending Engineer, to Col. Dubuc, Chief Engineer, Railways and Canals. It is dated April 24, 1929:

In connection with the portion of the Hungry Bay Dyke proposed to be sold to the Beauharnois Light, Heat & Power Company, description of which was submitted to you by Mr. F. B. Brown in his letter of the 31st July last, and left in my office on the 30th March and returned herewith, I would say that after discussing the matter with a representative of Mr. Brown he has come to the conclusion that it would be advisable to prepare another description, using, for the purpose, the boundary stones which have been planted all along the eastern side of the Dyke land, and send that description at an early date.

Mr. Brown writes on the 31st of July, 1929, to Colonel Dubuc:

Following our interview at your office on the 25th instant, I received a copy of the plan of the Hungry Bay Dyke from Mr. Pariseau, and in line with your suggestion I have drafted a description based on this plan. If it would be satisfactory to you, I would propose to use the plan as prepared by your engineers with a description by metes and bounds somewhat along the lines of the enclosed draft.

I shall appreciate it if you may be kind enough to read this over and tell me whether you think the description is satisfactory, and if not would you please have one of your men send me an amended draft

which would suit the case. We can then file the amended description and plan with you at any time that you desire it, but in the meantime, understand that the application filed last week is sufficient for preliminary purposes.

There was a photostat of the plans submitted at that time apparently, as early as 1928, and a description dated 31st of July, which apparently was not satisfactory to Mr. Pariseau who was the superintending engineer, and as a result the application of July 29, 1929, with the accompanying description and plan was submitted to the Department for approval, and following that Mr. Pariseau again makes a recommendation to Colonel Dubuc, and I see there are some things in that which perhaps had better not reach the public ear.

Mr. JACOBS: There is nothing sinister in it I hope, Mr. White.

Mr. WHITE: No suggestion of that kind, Mr. Jacobs. Just on that question of the roadway which you raised, Mr. Chairman, it is dealt with in this letter.

The CHAIRMAN: I would like to have some information on that.

Mr. WHITE: (Reads):

In the document which will transfer part of the Dyke to the Company, clauses should be inserted obliging them to either provide a highway bridge wherever the Dyke will have been removed or to undertake to indemnify all owners of farms fronting on said Dyke for all inconveniences and other damages which would result from the removing of part of the present roadway. As you know, this roadway provides the most direct communication between the City of Valleyfield and the Parish of Ste. Barbe. Another clause should stipulate that the Company would keep and save His Majesty from and against all claims, losses, suits, actions, etc., by whomsoever made in virtue of the removal of part of the present highway.

I am creditably informed that the Company has bought the farms adjoining this part of the Dyke which is to be removed

Before concluding this report, I would point out that the Department is under obligation to provide and maintain forever an outlet to all farms adjoining both sides of the Hungry Bay Dyke.

Hon. Mr. MACKENZIE: Have I got the situation correct? In the letter of July 29, 1929, the Company applied for property rights in connection with the Dyke.

Mr. WHITE: I take it to be that, sir, without checking the description in detail.

Hon. Mr. MACKENZIE: Roughly speaking that is correct, and that was not approved.

Mr. WHITE: The description was not approved.

By Hon. Mr. Mackenzie:

Q. Mr. Cameron, the plans which you did recommend for approval on the 13th November, 1930, show how much of a gap in the dyke?—A. Well, according to my intended interpretation it meant an opening in the dyke of about 800 feet at water line based on a 600-foot bottom width canal.

By Mr. White:

Q. Of course, that was only from the standpoint of navigation?—A. Yes, sir.

Q. And not in any sense intending to interfere with the jurisdiction of the Department of Railways and Canals over the dyke?—A. No, sir, not at all.

Mr. WHITE: Then following the application of the 29th July, 1929, Mr. Pugsley, the Secretary of the Department, acknowledges receipt.

Then there is in the file a letter of September 14, 1929, from Mr. Maxime Raymond to the Hon. Charles Dunning, as follows:—

As a result of the construction of the new canal in the county of Beauharnois, many roads will be crossed by that canal.

In order to protect the interests of my constituents would you be kind enough, before granting the permission to cross the road along Hungry Bay, to ascertain from me if the road should not be maintained in its present state, that is to say, that a bridge should be constructed on that road in order to maintain the traffic on that road as it is.

And then Mr. Dunning's reply saying that he will be glad to receive any communications. And Mr. Raymond again writes on the 21st of September saying that the road had been in existence for over 100 years, and so on. I suppose we are not so much concerned with that because it is a provincial matter.

Sir EUGÈNE Fiset: Mr. White, will you clear this up. You said there was a blueprint—

Mr. WHITE: A linen tracing.

Sir EUGÈNE Fiset: Yes. Does that linen tracing deal with 8,000 feet or less.

Mr. WHITE: 8,600 feet roughly.

Sir EUGÈNE Fiset: I wonder if the tracing does deal with that.

Mr. WHITE: Yes, it deals with that.

Sir EUGÈNE Fiset: You did not read the description of that one.

Mr. WHITE: I have not read really the description of any. This is the same scale.

The CHAIRMAN: Mr. McLachlan, will you kindly scale that for Mr. White.

Sir EUGÈNE Fiset: The reason I am asking is because it appears to deal simply with the actual width of the canal.

Mr. McLACHLAN: It would be about 1,300 or 1,400 feet less.

Mr. WHITE: That is, the second application was for that amount more than the original, and if you will refer to the small plans which were supplied, and which we had with us yesterday at Beauharnois, you will observe that, in red, there is indicated there the length of the dyke which is to be taken out apparently, which will give you some idea of what the application is.

The CHAIRMAN: Mr. White, on the plan that was supplied us yesterday I take it that the red dotted lines at the Lake St. Francis end of the canal indicate what is in the mind of the company as to that part of the dyke over which they hope to get control.

Mr. WHITE: That is just what I have pointed out, sir.

The CHAIRMAN: That then is not in harmony with Mr. Cameron's viewpoint.

Sir EUGÈNE Fiset: Oh, yes. The company is making application to have a certain portion of the dyke transferred to them, that is, the first application. Then they made a second application in accordance with the request of the Department of Railways and Canals for 1,600 feet less of the dyke than they applied for the first time.

Mr. WHITE: No, 1,600 feet more.

Sir EUGÈNE Fiset: Less, you said.

Mr. WHITE: No. The second application of July 29, 1929, was for some 1,300 feet more.

Sir EUGÈNE Fiset: I thought it was less.

Mr. WHITE: No, more than the original application.

Sir EUGÈNE Fiset: But this application has nothing whatever to do with the opening of the dyke.

Mr. McLACHLAN: The tracing shows a greater length of land.

The CHAIRMAN: Oh, yes. The photostat shows about 1,300 or 1,400 less than the subsequent tracing, and the subsequent tracing indicates clearly that what is in the mind of the Beauharnois Company is to get control over the dyke completely, over the part which they own, which is something over 8,000 feet. I do not think Mr. Cameron understands that.

Mr. WHITE: Mr. Cameron is concerned, as General Fiset points out, with the question from the navigation standpoint whereas the Department of Railways and Canals have to consider it from the standpoint of an application for conveyance of certain Crown lands to the company. When the land is conveyed I do not know what will be the situation then, as it has been said here the company can do as it likes on its own lands.

By Sir Eugène Fiset:

Q. I suppose, Mr. Cameron, that the opening of the dyke itself will be controlled by the plans that will be submitted later on in connection with the remedial works?—A. That is what I have been working up to, sir.

Mr. WHITE: That is, the approval of the Minister.

Sir EUGÈNE Fiset: Yes.

Mr. WHITE: On the 25th of February, 1930, there is a letter addressed to R. A. C. Henry, Esq., Deputy Minister, Department of Railways and Canals from Mr. Griffith, Secretary, Beauharnois Power Corporation:—

Some time ago the Beauharnois Light, Heat and Power Company made application to your Department for a portion of the Hungry Bay Dyke which will be required in connection with its proposed works in the County of Beauharnois. Would you be kind enough to inform me how this matter now stands with the Department. The Company will be ready at any time to take the matter up in greater detail with the Department if that is necessary.

Apparently they have not taken the dyke over, but they took Mr. Henry.

Mr. JACOBS: Did Mr. Henry answer that letter, Mr. White.

Mr. WHITE: I am just going to see, sir. That was February 25, 1930. There is an inter-departmental communication from Mr. Pariseau to Col. Dubuc, dated 24th September, 1930. There is no written communication from Mr. Henry.

Mr. JACOBS: Who signed that letter.

Mr. WHITE: The letter to Mr. Henry is signed by Mr. Griffith, Secretary of the Beauharnois Company.

Then on September 25, 1930, a letter is written to the Beauharnois Power Corporation Limited by Mr. Pariseau, the superintending engineer:—

Our Department desires to know who gave you permission to deviate the Hungry Bay Dyke road and cut a gap through it in order to admit lake water into the trenches cut by your dredges, also to cover the land it owns along the eastern side of same at your earliest possible convenience.

I may say that I asked as to where that water came from and I was informed it came from the old feeder; but that obviously cannot be the case, because that empties into the St. Louis river.

Mr. GARDINER: You might clear that point up, Mr. White.

By Mr. Gardiner:

Q. Has there been a new cut made into Lake St. Francis other than the feeder?—A. There has been a new opening for the feeder cut through the dyke and they have applied for approval of that under their lease. You see, they hold a section of the Hungry Bay Dyke under lease, and when they came to project their canal the feeder crossed it at an angle from north to south. What they wanted to do was to take the intake from the north side of their proposed canal and put it on the south side and then dig a ditch down to Lake St. Louis that way.

Q. Has the opening been made?—A. The opening has been made and operating.

Q. Are they taking the water through both openings?—A. All the water they are taking through the old one is just enough to keep their hydraulic supplied with water.

Q. And the new one supplies the feeder?—A. The new one takes the place of the former and supplies the water to the St. Louis river.

Q. Has any permission been granted for that, has that been approved?—A. An application was made to our department for formal approval of that. We looked into it and made the recommendation that it be approved.

Q. When was the application made, do you know?—A. Some time during last summer I think, Mr. Gardiner.

Mr. WHITE: There is a letter here dated November 25, 1930, which may throw some light upon it. The scene has changed somewhat. It is written by R. A. C. Herry, Vice-President and General Manager of the Beauharnois Company:

PIERRE PICHÉ, Esq.,
Acting Superintending Engineer,
Department of Railways and Canals,
961 Inspector St.,
Montreal, Que.

DEAR SIR,—In reference to your letter of November 13 may say that the Company some considerable time ago made an application to the Department of Public Works for a revision of its lease taken out on December 28, 1909, with a view to covering the situation arising out of the diversion of the St. Louis Feeder and the Company is advised that the Department of Public Works will consult with the Department of Railways and Canals with a view to obtaining the necessary approval of such diversion.

Hon. Mr. MACKENZIE: What is the date of that.

Mr. WHITE: November 25, 1930. The application is not on this file. It was made to the Department of Public Works and is in probably one of the 804 Series of files.

Mr. JACOBS: It is not intended that the taking of that water will in any way interfere with navigation.

Mr. WHITE: It is not sufficient in quantity, Mr. Jacobs. It is only a question of whether a Dominion right has been interfered with and the Department seems anxious to put itself on record so that they will not be taken to have acquiesced.

Mr. JACOBS: Mr. Chairman, I would move that this committee adjourn until to-morrow. We were away from Ottawa all day yesterday visiting the works and we would like to check up the evidence so far given by the experts with what we saw yesterday. That is the chief reason that I give for asking the adjournment. Furthermore, the weather is so hot that I think we can reasonably ask for an adjournment until the weather gets a little cooler. We cannot do proper work with the temperature around 100 and inasmuch as we are likely to remain here for the next three or four weeks on this work I feel that we will have ample time to exhaust the subject, and, for that reason, I ask for the adjournment until to-morrow.

Mr. WHITE: At 11 o'clock?

Mr. JACOBS: At 11 o'clock, if that meets with the approval of the committee.

The CHAIRMAN: I think General Stewart would like to say something.

Mr. STEWART: A good many of the members have been speaking to me, and they all express the hope that this committee will not hold up the House when the House is ready to adjourn—

Mr. JACOBS: The fact that we are here is very good proof that we are not holding up the House. If we were in the House and addressing them as often as we usually do we might hold it up.

Mr. STEWART: You did not wait until I got through, Mr. Jacobs. I was going to say, when they would be ready to adjourn we would not be holding them up. Now, if we can sit some extra time when it will be cooler I think we will make faster progress.

Mr. JACOBS: We might consider night sittings when it gets a little cooler.

Mr. WHITE: Have a little mercy on the counsel.

Mr. JACOBS: We do not intend to cut off the fees of the counsel during the adjournment.

Mr. WHITE: It was not that. We have to prepare for the next day and that takes some time. Personally, I am sitting up till 1 and 2 o'clock every morning getting ready for the next day.

The CHAIRMAN: I have spoken to several members of the committee and I am presuming that Mr. Jacobs has consulted with Mr. Mackenzie and Sir Eugene, in regard to the request for an adjournment.

On our visit to the plant yesterday I know I got a clearer picture of the works, and I am sure the other members of the committee did also, and I am inclined to the view that we would advance the work of the committee if we did adjourn until to-morrow. I know I would like to check up on the plan submitted to me with some of the evidence that has been given, and I feel confident that counsel would like to do the same thing. But I am impressed with what General Stewart says about the absolute necessity of our hurrying along with our work here in this committee, even at the expense of discomfort. To date it has been difficult to make the progress that I had hoped we would make because of the complexity of the evidence that has been submitted and the plans that have to be identified. I do hope, however, that when we resume again to-morrow morning we can go along with greater speed, because even if we have to hold three sessions a day we must not hold up the adjournment of the House of Commons.

It will be very unfortunate if this committee was not able to conclude its work so that its report is ready before Parliament prorogues.

Mr. Stewart has just called to mind the reception we received from the Beauharnois company when we visited the works yesterday. They had plans prepared for each member of the committee, and we were certainly given every

opportunity to see the work that was going on, and I trust that we will all be invited back when the work is completed.

Hon. Mr. MACKENZIE: I wonder if Mr. White would give us some idea as to the next witness he intends to call.

Mr. WHITE: I was just going to speak about that. It has been brought to my attention, Mr. Chairman, that it is desirable that we should have the evidence of Mr. Frank P. Jones and I would ask your permission for an order to procure his attendance here.

Mr. JACOBS: When do you expect to conclude with the experts?

Mr. WHITE: I am assuming, Mr. Chairman, that each of the engineers who signed this report is going to be called, and I should think—so far as I can prognosticate—that their evidence might be comparatively short. After that I propose to go into the organization of the companies, first, the Beauharnois Light, Heat and Power Co., the syndicate, and the Beauharnois Power Co., and three of its subsidiaries.

Hon. Mr. MACKENZIE: Do you think that will be equally technical, Mr. White.

Mr. WHITE: Mr. Symmes and the auditor whom I have here are working on that now, and I think that they will have boiled it down pretty well, so that it will only be necessary for me to bring to the attention of the committee the highlights, as it were, and it is with that object in view that I was thinking to-day's adjournment might save considerable time in that respect, because we will go right to work this afternoon.

The CHAIRMAN: Do you want Mr. Jones here at 11 o'clock to-morrow morning?

Mr. WHITE: Tuesday will do for him, Mr. Chairman. Then I think perhaps we ought to take the evidence of Mr. Henry.

The CHAIRMAN: Whom do you want here to-morrow at 11 o'clock?

Mr. WHITE: There will be Mr. Cameron to finish and Mr. Cote, and Mr. Johnston to-morrow, and then I propose to call Mr. Henry.

Mr. MONTGOMERY: Do you propose to call Mr. Coutlee? Mr. Coutlee did not sign the report, but you will recall Mr. Cameron referred to him in connection with his evidence.

Mr. WHITE: The difficulty that has presented itself to my mind about that is, practically all of the communications from Mr. Coutlee that I have been able to find in the file are departmental communications. If it is intended that those shall be brought to the attention of the committee I shall be very glad, of course, to call Col. Coutlee.

The CHAIRMAN: We will decide that as it arises. We will adjourn until 11 o'clock to-morrow morning.

SESSION 1931

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

FRIDAY, JULY 3, 1931

WITNESSES:

- Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont.
- Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont.
- Mr. James B. Hunter, Deputy Minister, Department of Public Works, Ottawa, Ont.
- Mr. Louis Cote, Chief Engineer, Department of Marine, Ottawa, Ont.
- Mr. J. T. Johnston, Director of Water Powers and Reclamation Service, Department of the Interior, Ottawa, Ont.
- Mr. C. R. Coutlee, Engineer, Department of Public Works, Ottawa, Ont.
- Mr. Andrew T. Thompson, Messrs. Thompson, Cote, Burgess and Code, Barristers, Ottawa, Ont.



EXHIBITS FILED

No. 36—Memorandum prepared by Mr. Cameron showing applications, 1910 to date, for diversion of water in Soulanges section.

No. 37—Memorandum by Mr. McLachlan, respecting proposed works of the Beauharnois Company.

No. 38—Memorandum, dated June 21, 1912, from Mr. Johnston to Mr. Challies, *re* proposed development of Beauharnois Light, Heat and Power Company.

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No. 19B—B.L.H. & P. Co. Plan of specification for proposed diversion of St. Louis River and of St. Louis Irrigation Ditch.

No. 19C—B.L.H. & P. Co. plans and descriptions of lands.

No. 39A—Supplementary memo. by B.L.H. & P. Co., January 16, 1928, *re* ultimate possibilities of proposed Hydro-Electric Power Development between Lake St. Francis and Lake St. Louis.

No. 39B—Annex to Dominion Order in Council P.C. 422, approving plans of B.L.H. & P. Co. under Navigable Waters Protection Act, Hungry Bay and Melocheville.

No. 45—B.L.H. & P. Co. compilation of plans, works and descriptions, and plans of site approved by Order in Council P.C. 422.

No. 46—B.L.H. & P. Co. study of remedial and control works.

No. 47—B.L.H. & P. Co. study of remedial and control works (supplement).

No. 48—B.L.H. & P. Co. description of a portion of Hungry Bay Dyke, July, 1928.

No. 49—Stenographic report of public hearing by Cabinet sub-committee upon B.L.H. & P. Co application, January 15, 1929.

No. 50—Report upon application of B.L.H. & P. Co. by inter-departmental committee of engineers, January, 1929.

No. 9A—Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B.L.H. & P. Co. and H.M. the King.

No. 7A—Copy File 5171, Department of Railways and Canals, consent to sub-lease between Montreal Cotton Co., B.L.H. & P. Co. and H.M. the King.

No. 8A—Copy File 5171, Department of Railways and Canals, consent to sub-lease Montreal Cotton Co., B.L.H. & P. Co., and H.M. the King.

No. 51—Pamphlet "Down the Canal" by Beauharnois Power Corporation.

No. 52—Pamphlet "Physical Facts and Figures on Beauharnois," Beauharnois Power Corporation.

MINUTES OF PROCEEDINGS

FRIDAY, July 3, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m.; Hon. Mr. Gordon, the Chairman, presided.

Members Present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mimeographed copies of a Report, dated November 13, 1930, from Chief Engineer Cameron to the Deputy Minister of Public Works, were distributed to the Committee.

Mr. Kenneth McKenzie Cameron, Chief Engineer, Department of Public Works, Ottawa, Ont., was recalled and further examined. At the request of Mr. Morin, K.C., of Counsel for the Committee, he filed:—

Exhibit No. 36—Memorandum prepared by Mr. Cameron showing applications, 1910 to date, for diversion of water in Soulanges section.

Mr. Cameron stood aside.

Mr. Duncan W. McLachlan, Chairman, Canadian Section of the Joint Board of Engineers, Department of Railways and Canals, Ottawa, Ont., was recalled and further examined.

Mr. McLachlan retired.

Mr. Cameron was cross-examined by Mr. Montgomery.

Mr. Cameron stood aside.

Mr. James B. Hunter, Deputy Minister, Department of Public Works, Ottawa, Ont., was recalled and further examined.

Mr. Hunter retired.

Mr. McLachlan was recalled and further examined. He filed:—

Exhibit No. 37—Memorandum by Mr. McLachlan, respecting proposed works of the Beauharnois Company.

Mr. McLachlan retired.

Mr. Cameron was further examined.

Mr. Cameron retired.

The Committee adjourned at 1 p.m. until 2.30 p.m.

The Committee resumed at 2.30 p.m.; Hon. Mr. Gordon, the Chairman, presided.

Members Present: Messrs. Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Louis Côté, Chief Engineer, Department of Marine, Ottawa, Ont., was called, sworn and examined.

Mr. Côté was discharged.

Mr. J. T. Johnston, Director of Water Powers and Reclamation Service, Department of the Interior, Ottawa, Ont., was called, sworn and examined. He filed,—

Exhibit No. 38—Memorandum, dated June 21, 1912, from Mr. Johnston to Mr. Challies, *re* proposed development of Beauharnois Light, Heat and Power Company.

Mr. Johnston was cross-examined by Mr. Forsythe.

Mr. Johnston retired.

Mr. C. R. Coutlee, Engineer, Department of Public Works, Ottawa, Ont., was called, sworn, examined by Mr. White, and cross-examined by Mr. Forsythe.

Mr. Coutlee retired.

Mr. White, K.C., of Counsel for the Committee, filed,—

Exhibit No. 39—Application, January 17, 1928, to His Excellency the Governor General by Beauharnois Light, Heat and Power Co. for an agreement, together with memorandum, December 17, 1927, from Deputy Minister of Public Works, to Deputy Minister of Justice.

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Exhibit No. 39B—Annex to Dominion Order in Council P.C. 422 approving plans of B. L. H. & P. Co. under Navigable Waters Protection Act, Hungry Bay and Melochville.

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Exhibit No. 51—Pamphlet "Down the Canal" by Beauharnois Power Corporation.

Exhibit No. 52—Pamphlet "Physical Facts and Figures on Beauharnois" by Beauharnois Power Corporation.

Mr. Andrew T. Thompson, barrister, Ottawa, Ont., was called and sworn. He produced a file of correspondence from his office respecting power developments on the St. Lawrence river.

Mr. Thompson retired.

The Committee adjourned until Tuesday, July 7, at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

ROOM 231,
HOUSE OF COMMONS,
FRIDAY, JULY 3, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., I. A. Forsythe, K. C., for the Beauharnois Company.

J. R. L. STARR, K.C., for Senator McDougald.

Hon. LUCIEN CANNON, K.C., for the Province of Quebec.

LUCIEN MORAUD, K.C., for the Royal Trust Company.

Mr. WHITE: Mr. Chairman, after adjournment yesterday I had McLachlan compare the description and the plan attached to the application for the conveyance of a portion of the Hungry Bay dyke, and I find that in checking closely the lineal feet indicated upon the plan, and which correspond to the description, that the number of lineal feet from one end to the other of the property which is sought to be acquired—the distance is 9,064.6 feet.

Hon. Mr. MACKENZIE: On the dyke itself?

Mr. WHITE: Yes. It will have to be remarked, however, that that is not in a straight line; it follows the varying courses indicated on the plan and in the description, and the distance would be slightly shorter than that if made in a straight line.

I also have handed to me a continuation of the file of the Department of Railways and Canals which was filed yesterday as exhibit 35, and I find that it is brought up to the 18th of June, 1931, and I find on that date an application from the Beauharnois Light Heat and Power Company signed by Mr. L. C. Christie, Assistant Secretary, and addressed to the Secretary of the Department of Railways and Canals, Ottawa, which is as follows:—

Dear Sir: On the 29th July, 1929, this Company made application to purchase from your Department a certain piece of land including a portion of the Hungry Bay Dyke, as specifically described and shown upon the Plan No. 291-9-9 annexed to the application.

This land is required for the purpose of the canal which the Company is building between Lake St. Francis and Lake St. Louis under approvals from the governments of Quebec and Canada. We were advised by your Department that in order to enable this application to be dealt with we should supply evidence that the proper authorities within the province had authorized the closing and abolition of the Chemin de la Baie which runs along the top of the dyke.

The process of securing such authorization from the municipal councils and of examining the proceedings thereafter has been somewhat lengthy.

As may be seen from the papers submitted herewith, we have now secured all the approvals that are required under the law of this Province for the closing and abolition of the portion of Chemin de la Baie in question. The papers enclosed are the following:—

- (1) Certified copy of By-Law No. Series 3 enacted the 17th February, 1931, by the Council of the Corporation of the Parish of Ste. Cecile. (The description of the portion of the Chemin de la Baie to be closed and abolished under this By-Law appears in the booklet containing Plan No. 291-21-63 which was incorporated in the By-Law as Schedule "A" and which is annexed to the copy of the By-Law submitted herewith).
- (2) Certified copy of Resolution of the Council of the County of Beauharnois adopted the 28th April, 1931, approving the above mentioned By-Law of the Parish of Ste. Cecile.
- (3) Photostatic copy of letter dated 22nd May, 1931, from the Law Clerk of the Department of Roads of Quebec, advising that it is not necessary to obtain the permission of the Minister of Roads in order to close or abolish the said portion of the Chemin de la Baie; together with a copy of the Company's letter of 19th May, 1931, to the Deputy Minister of Roads and Plan No. 291-21-63 as annexed thereto.
- (4) Photostatic copy of Opinion of Aime Geoffrion, Esq., K.C., dated 17th June, 1931, relative to the foregoing.

We should be glad to be advised, at the convenience of your Department, as to whether or not any linen tracings or other plans are required for the purpose of dealing with our application of the 29th July, 1929.

There is the plan—No. 211-21-63—annexed to the letter of the 19th of May, 1931, from the Beauharnois Light, Heat and Power Company to the Minister of Roads for Quebec.

The CHAIRMAN: Will this go in as part of exhibit 35?

Mr. WHITE: Yes, I should think so.

The CHAIRMAN: This is all part of the same file?

Mr. WHITE: Yes.

The CHAIRMAN: Dealing with the same subject matter?

Sir EUGENE Fiset: Is there anything in this application asking for authority to break through the dyke?

Mr. WHITE: They are asking for conveyance of it. Mr. Geoffrion says in his opinion:—

I am of the opinion that the above By-Law and resolution have been passed in accordance with the provisions of the law; that they are now in force and that they constitute all the approvals that are required under the law of this Province for the closing and abolishing of that part of the Chemin de la Baie.

There also is a description and plan—let me see if I have it in English—no, it is in French. The description or plan of the existing new roads and bridges to be opened in the county of Beauharnois.

Now, Mr. Morin wishes to continue the examination of Mr. Cameron.

KENNETH MACKENZIE CAMERON, recalled.

By Mr. Morin:

Q. Mr. Cameron, before making your report dated November 13, 1930, being your memo for the Deputy Minister recommending the approval of some plans of the company, will you state whether or not you had consulted the other engineers who had signed the report annexed to the Order in Council No. 422?—A. No sir.

Q. Now, you stated in your evidence that you had no recollection that there was any discussion between the engineers as to the width of the canal?—A. Well,

I had not any recollection. I said that I thought probably that the matter had been discussed."

Q. Well, I have here a preliminary report which I found in the files of Mr. McLachlan dated January 25, 1929. Will you have a look at it and see whether you received this preliminary report from Mr. McLachlan in January, 1929, before drawing up your final report to the Minister?—A. I think it is very likely that I did.

Q. Now, I refer you to pages 11 and 12 of this report, and here is what I find:—

The embankment on the north side of the canal prism should form part of a three to one sloped prism in marine clay and a two to one prism elsewhere. The embankment on the south side of the channel might be set back two or three hundred feet from the southerly edge of the prism, if desired but it should not be set a great distance away, as proposed by the Company, because excess water surface will give trouble with ice, and cannot be made use of in connection with the future development of the river, if good economies are to be followed.

That is to say, Mr. Cameron, that Mr. McLachlan had drawn your attention to the importance of limiting the width of the canal?—A. Oh yes. I have no recollection of it.

Q. You had no recollection before to-day?—A. No. I have no recollection.

Q. Now, Mr. Cameron, you said in your evidence that you admit that they are not building the banks of this canal according to the standards of the Joint Board of Engineers?—A. I said I was unable to find any specification.

Q. I have here at hand the report of the Joint Board of Engineers on the St. Lawrence Waterway Project.

The CHAIRMAN: Are you putting in that preliminary report as an exhibit?

Mr. MORIN: No. I do not think it is any use; but this shows that the matter was discussed.

By Mr. Morin:

Q. I refer you to this report of the Joint Board of Engineers at page 241, paragraph 19, and we read this: "Dykes—the standard design for dykes, type B, adopted by the Board is shown on plate 9?"—A. Yes.

Q. That is a fact?—A. Yes.

Q. Now, I have plate 9 in my hand, and plate 9 gives us many types of dykes?—A. Three apparent types.

Q. We have type A adapted for unregulated reaches; type B for regulated reaches; type C for unregulated reaches?—A. Yes.

Q. None of these types have been followed by the company?—A. Well, apparently type B has been followed, only they have provided a very much larger cross-section.

Q. Are they following these types or not?—A. I would say that as far as I can see type B is the type adopted, with improvements, if you like to put it that way.

Q. You think they are building now according to type B?—A. I would think so, as near as I can see.

Q. As near as you can see. You must know, as a matter of fact?—A. Well, it is the difference—the difference is this, there is nothing to state the method for type B or type A or type C, as far as the earth is constructed.

Q. Type B refers to the standard type of banks for regulated reaches?—A. That gives a sectional area of a dyke with certain dimensions and certain slope, but it does not tell you how the dyke is built.

Q. This type B must be adopted for regulated reaches?—A. Yes.

Q. What are we to understand by regulated reaches?—A. I would say a reach where the water was flowing under control.

Q. As to the velocity?—A. As to the velocity and quantity.

Q. Have you any plan before the committee showing the type of embankment adopted by the company?—A. Yes, it is with those plans of August 22, 1930.

Q. Exhibit 18?—A. Yes.

Q. I refer you now to Exhibit 18. Will you show me the plan of their embankment?—A. 291-60-2.

Q. You refer us to plan—A. Typical cross section of canal and embankment.

Q. 291-60-2?—A. Yes.

Q. Showing the plan of their embankment?—A. Yes.

Q. Will you explain whether there is any difference between plate No. 9 of the Joint report and this plan attached to Exhibit 18?

Hon. Mr. MACKENZIE: Is plate No. 9 appendix D?

Mr. MORIN: Appendix C of the joint report.

By Mr. Morin:

Q. Will you explain the difference, if there is any between these two plans?—A. In comparing the three types shown on the appendix C, type 9 of the proposal, type A shows a large rock fill.

Q. We are not interested in type B?—A. Type B shows the strip of the humus as I was describing it the other day, from the surface of the soil—an embankment, presumably of earth, with side slopes on the water side, two horizontal to one vertical, and on the opposing side two horizontal to one vertical. It has a width of 40 feet and a height above water level of 8 feet, with a protection lining on the slope from about 5 feet below water level up to about the top of the bank.

Mr. WHITE: That is all concrete?

By Mr. Morin:

Q. Type B is an embankment to be protected by concrete?—A. Well, sir—

Q. Answer that question?—A. It is marked here by concrete, but in the Order in Council it says that the slopes of the embankment are to be protected by riprap.

Mr. WHITE: What Mr. Morin suggested as to the Order in Council is not in accordance with that recommendation.

Sir EUGENE Fiset: On the other hand I think the type shown in the plans—the details are given on the working plan.

Mr. WHITE: Virtually the same thing; in its details there is no difference.

By Mr. Morin:

Q. The Order in Council, condition No. 5, does not say anything as to the riprap protection?—A. It does not describe it as riprap; It says:—the company shall construct and maintain the embankments, walls and retaining structures in an approved manner generally in accordance with the standards of the International Joint Board of Engineers report. Such protection lining as will be required to preserve slopes when the canal is used for navigation, shall be furnished. And they show it in riprap on their section.

Mr. WHITE: As a substitute for the concrete?

WITNESS: As a substitute for concrete; perfectly.

By Mr. Morin:

Q. Type B plate says it will be a protection in concrete, and the plan now says riprap?—A. Riprap.

Q. You are satisfied with this?—A. Yes, sir.

Q. Now, have you prepared for me a memorandum of the different applications to the department in the Soulanges section of the St. Lawrence river for the diversion of water? I think this might interest the committee to know what different applications have been made to the department for the diversion of water in that section of the St. Lawrence. I will read it into the record. This memorandum was prepared by you, Mr. Cameron?—A. It was prepared—

Mr. WHITE: It was not prepared by him, was it?

WITNESS: Yes, I prepared it at Mr. Morin's request.

By Mr. Morin:

Q. Explain in a few words what the purpose of it is?—A. This is prepared at Mr. Morin's request to endeavour to give a precis of the different applications made under the Navigable Waters Protection Act to cover proposals dealing with interference with the flow of the St. Lawrence river between Lake St. Francis and Lake St. Louis.

Mr. WHITE: And all made to the Department of Public Works?

Mr. MORIN: Of course.

WITNESS: The Canadian Light and Power Company—yes I would say they were all made to the Department of Public Works. Some were jointly with the Department of Railways and Canals and the Department of Public Works.

Mr. JACOBS: What period does that cover?

Mr. MORIN: It covers from 1910 until to-day.

WITNESS: From 1905, in the case of the Cedars.

Mr. MORIN: There is a precis of the different applications discussed.

The CHAIRMAN: How many are there altogether?

WITNESS: Eight or nine.

Mr. WHITE: There may be something arising out of these applications that we may want to ask this witness about, and unless we know what they are I do not see what benefit they would be unless we read them and record them.

Mr. GARDINER: Does it show on that memorandum what disposition was made of the applications.

The WITNESS: Yes, and the reasons why.

Mr. GARDINER: Well, that is important.

The CHAIRMAN: Let me see it, please. I think this had better go in the record:

EXHIBIT No. 36

CANADIAN LIGHT AND POWER COMPANY

AUGUST 18, 1910.

Application for approval, under R.S.C. Chap. 115, section 7, of widening of embankment on the northerly side at the entrance to the old Beauharnois canal, at or near McPherson's Point, at the entrance to the said canal. Referred by Privy Council to Public Works Department and Department of Railways and Canals on 10 December, 1910.

Objection registered by Montreal Cottons that Canadian Light and Power Company were filling up Valleyfield bay with refuse. Company notified to discontinue operations.

A meeting was held on 30th November, 1910, presided over by the Minister of Railways and Canals, the Minister of Public Works and the Minister of Marine and Fisheries.

E. A. Robert and W. C. McIntyre were granted by the Department of Railways and Canals a lease, dated December 10, 1907, allowing them the use of the Beauharnois canal for hydro-electric purposes. The lease provided, among other things, that the rights of the previous lessees should be respected and that navigation should not be interfered with. The lease was transferred to Canadian Light and Power Company on October 23, 1908.

The Canadian Light and Power Company sent, 29th December, 1928, to the Deputy Minister of Public Works, copy of letter of 29 December, 1928, to the Secretary of the Department of Railways and Canals, submitting an enlargement project for consideration and approval of the Department of Railways and Canals.

The Canadian Light and Power Company inquired whether it would be necessary for the company to comply with the provisions of the Navigable Waters Protection Act as a preliminary to the commencement of actual construction work. The Department of Justice was requested to advise, 5 January, 1929, in the circumstances what reply should be made to the P. 149. June 29, 1915. Letter transmitting report from Mr. H. Holgate, consulting engineer.

P. 154. Dec. 15, 1915, W. H. Robert, President of Beauharnois Light, Heat & Power Company, states "There appears to be some misapprehension in regard to the amount of water the company proposes to withdraw from Lake St. Francis for power purposes through a proposed canal from Lake St. Francis to Lake St. Louis. It has come to my knowledge that several papers have been mislaid in connection therewith notably a letter signed by Sir John Kennedy, Hydraulic Engineer and Consulting Engineer of the company, dated May 30, 1910; two letters signed by me dated respectively Nov. 15 and 27, 1911, and another signed by Dr. Alfred Thompson dated Feb. 25, 1915, duly authorized by the company, in each of which letters it is distinctly stated that the company proposes to withdraw 40,000 cubic feet per second from Lake St. Francis to be used in their proposed power canal which water is to be returned to Lake St. Louis.

P. 160. March 10, 1916, letter from Arthur Surveyor, transmitting report on proposed diversion of 40,000 c.f.s.

Summary of history of applications made by Beauharnois Light Heat & Power Company to divert water from Lake St. Francis. P. 178. Summary of conclusions arrived at by the engineers who have reported on the application. Remedial works are declared necessary by all the engineers. Permission to divert water could be granted under certain conditions. The appointment of a commission to study the question of remedial works and of the relation between the existing and proposed power developments and present and future navigation was recommended by Messrs. Challies, Holgate and Surveyor.

Canadian Light and Power Company's inquiry in respect to the application of the Navigable Waters Protection Act.

The Canadian Light and Power Company have not completed, in the application under the Navigable Waters Protection Act, all the legal requirements.

BEAUHARNOIS LIGHT, HEAT & POWER COMPANY, FILE 804-1A

The solicitors for the Beauharnois Light, Heat & Power Company, March 18, 1910, asked to have their technical officer consult with the Department's technical officers in regard to proposed enlargement of intake works of St. Louis feeder canal for the apparent purpose of taking more water from Lake St. Francis for use through power house located on the St. Louis river. A report on the investigation of the technical proposals is that the proposed enlargement would increase the then average discharge of 200 c.f.s. to between 11,000 and 18,000 c.f.s., which would have a noticeable effect on navigation by lowering the surface of Lake St. Francis.

P. 61. November 5, 1912, letter from W. H. Robert, President of the Beauharnois Light, Heat & Power Company stated "In order to bring the company's proposals up to date I submit herewith general plans of its proposed project, signed and approved by John Kennedy, Consulting Hydraulic Engineer of Montreal, and would request that these plans, contemplating the diversion of 11,000 cubic feet of water per second at low water period and 18,000 cubic feet of water per second at high water period of the St. Lawrence river, be approved."

P. 126. June 21, 1912, Report by J. T. Johnson on investigation of proposals.

P. 217. October 19, 1916. Report of Messrs. Papineau, Coutlee, Surveyer and Dansereau, and approved by A. St. Laurent. Rights of water users on St. Louis river should be protected.

P. 220. October 30, 1916. Memo for Minister of Public Works from Assistant Deputy Minister A. St. Laurent, recommends matter be studied by a commission of technical officers.

P. 225. January 12, 1917. Draft Report to Council.

Recommends:

1. That authority be given to appoint a Board of Expert Engineers to investigate and carry on necessary field studies for the purposes of such investigation, and report fully upon all applications for power developments involving water diversion from Lake St. Francis, in order to:

- (a) Determine the maximum amount of water which can be allowed to be diverted from said Lake in conjunction with effective remedial works.
- (b) Advise as to the best method of building these remedial works and of meeting the necessary expenditure entailed thereby, either by apportioning their cost between the companies benefitted and levying a charge per horse-power developed for maintenance expenses, or by a fixed charge per horse-power developed, covering cost, interest on capital expended and maintenance.
- (c) Suggest rules and regulations for their control so as to safeguard in all respects navigation interests.

2. That in view of the agreement of December 28, 1909, should the decision of the Board of Engineers be favourable to further water diversion, subject to the construction of certain remedial works within reasonable cost, the application of the Beauharnois Light, Heat & Power Company be given priority in the consideration of all such projects for the diversion of water from Lake St. Francis.

3. That such water diversion as may be permitted, and the construction of necessary remedial works shall be subject to the approval of the International Joint Commission.

P. 234. October 13, 1917. Letter from W. H. Robert, President of Beauharnois Light, Heat & Power Company, to Honourable C. C. Ballantyne, purporting to set out the history of the company and the request of the company for approval, and the advantages of the proposed work.

P. 239. Letter of October 13, 1917, from W. H. Robert refers to application of Power Development Company, Limited for approval of proposed works on north shore of the St. Lawrence river from a point starting from the Grand Trunk Railway crossing at the south end of Lake St. Francis, extending same eastward to a point 2,500 feet east of the eastern end of Prisoner's island.

P. 243. January 19, 1918. Company ask for approval of their application.

P. 245. Jan. 31, 1918. Hon. F. B. Carvell, Minister of Public Works, to Beauharnois Light, Heat and Power Company. States he finds the plans do not call for same rights as were originally intended in the lease, inasmuch as they are providing for a larger scheme than was the original intention. Furthermore that the approval of these plans would involve not only a consideration but the decision of the whole policy of water powers and navigation from Lake Ontario to Montreal. A commission of engineers, appointed some years ago, have never investigated or reported, and before he could do anything he must have every possible information on this important subject, and intends taking immediate steps to obtain the same by another commission, or whatever engineering authority may seem proper to the Department.

P. 252. Feb. 19, 1919. Beauharnois Light, Heat and Power Co., to the Minister of Public Works; enclosing description of proposed works, together with plans under Chap. 115, R.S.C. 1906.

P. 265. June 24, 1924. The Transportation and Power Corporation, Limited, to the Minister of Public Works. Contemplates undertaking the development of water power by building a canal from Lake St. Francis to Laprairie Basin, in the province of Quebec. The work the company contemplates is the development of water power by building a canal from Hungry Bay to Laprairie Basin below Lake St. Louis, using the water at Laprairie Basin under a head of 120 feet, the utmost efficiency head practically possible for the use of said waters. To effect the said water power development, it is essential that the company should divert 110,000 cubic feet per second from Hungry Bay on Lake St. Francis to Laprairie Basin below Lake St. Louis, St. Lawrence river. The company agrees to provide through their canal sufficient navigation accommodation between Laprairie Basin and Lake St. Francis to satisfy the Government's requirements.

P. 271. Sept. 5, 1924. Report that plans submitted by company are inadequate to report on proposed work.

P. 272. Sept. 11, 1924. Beauharnois Light, Heat and Power Co., through W. H. Roberts, protests against above mentioned application of the Transportation and Power Corporation Limited.

STERLING INDUSTRIAL CORPORATION LTD. FILE 10898-1

July 7, 1924. Sterling Industrial Corporation Limited to the Minister of Public Works. Request made on July 5, 1924, to Minister of Railways and Canals for consideration and approval, in so far as the interests of Railways and Canals are concerned, of the following application:—

1. To divert an amount of water not exceeding 30,000 cubic feet per second from Lake St. Francis, subject to the construction of the necessary remedial works;

2. To enter into an agreement with your Department under which the Corporation will either

(a) Construct between Lake St. Francis and Lake St. Louis a power canal of such design that same may be used later for navigation purposes, if so desired, by the addition of works necessary for navigation purposes.

(b) Or a canal which will provide at once for navigation, as well as power purposes.

3. To approve of accompanying plans of the above project or such modifications thereof as may be mutually agreed to.

The Company asked for consideration of the application with a view to its approval in so far as the interests of the Department of Public Works are concerned.

July 11, 1924. Acknowledgment of same by Secretary of Department, and enclosing copy of memo explaining procedure to be followed in connection with applications under the Navigable Waters Protection Act. The company's attention was directed to the fact that plan and description had not been deposited with the Registrar; that application had not been advertised, and that no evidence had been submitted to show that the company had the right to use the site of the proposed works.

Nothing further.

CEDARS RAPIDS MFG. & POWER COMPANY, FILE 3560-1 A-B-C

The application of the Cedars Rapids Mfg. & Power Company, for approval of works near St. Joseph de Soulanges, September 8, 1905; Barnard & Dessaulles, solicitors for the company, applied for approval of works proposed to be built in the St. Lawrence river for the development of water power in accordance with Act of Incorporation. No quantity stated.

In report of October 2, 1905, J. L. Michaud states that these works, during construction, and after completion, will not in the least interfere with the general navigation of the St. Lawrence river so long as the consumption of water shall not exceed 350,000 gallons per second.

Order in Council of January 6, 1906, approves plans of works proposed to be erected by the Cedars Rapids Mfg. & Power Co. in the St. Lawrence river at St. Joseph de Soulanges, and the book of reference, describing the various lots which they desire to expropriate in connection with the said works, the provisions of the Railway Act of 1903 to govern in the matter as far as applicable.

It further states that no effect is to be given to the permission being granted until an agreement shall have been passed between the company and the Department of Public Works of Canada, whereby all questions referred to in the report of the Resident Engineer shall be finally settled and determined, and whereby also all rights, etc., of riparian owners and all questions of future damages shall be properly provided for.

On May 1, 1909, the Secretary of the Canadian section of the International Waterways Commission, in letter to Minister of Public Works, transmits minutes of meeting held on April 13, 1909. The Commission was unable to form an opinion in detail as to the effect of the works, but it does not consider that fact a valid reason for reporting adversely to the scheme as outlined.

Agreement pursuant to Order in Council completed and dated May 28, 1909.

File 3560-1B:

P.C. 2400 of October 6, 1911, recites that approval of plans submitted by the Cedars Rapids Mfg., & Power Co., pursuant to agreement of May 28, 1909, should be withheld until after report by the St. Lawrence River Commission appointed by Order in Council of August 29, 1911, and previous approvals should be cancelled.

P.C. 2488 of October 26, 1911, authorized cancellation of Order in Council of October 6, 1911, and the Minister of Public Works to appoint a special engineer to follow up the progress of the work and report to him from time to time.

File 3560-1C

Cedars Rapids Mfg. & Power Co., on May 20, 1916, wrote to Secretary of Department of Public Works:

Our lease with your department for water rights at Cedars Rapids, of date May 28, 1909, provides for the diversion of water to the extent of 350,000 gallons or 56,000 c.f.s. throughout the year upon the condition that the diversion does not interfere with navigation. If we can have more water outside of the season of navigation it will facilitate our operations considerably and to that end we respectfully apply for the right to divert additional 19,000 c.f.s. of waste water during the winter when same is not required for navigation.

P.C. 1914 of August 15, 1916, authorizes that Cedars Rapids Mfg. & Power Co. be given permission to divert from the St. Lawrence River in connection with its power works at St. Lawrence River in connection with its power works at St. Joseph de Soulanges in the Province of Quebec, an additional nineteen thousand cubic feet a second of waste water from November 20 in each year to May 20 in the succeeding year, subject to the condition that such permission does not imply a guarantee that the said quantity shall be always available and shall not constitute a preferential right for the company when a general system of control and distribution of the waters of the St. Lawrence comes to be established at the outlet of Lake St. Francis.

August 18, 1916. Company informed of the passing of the Order in Council and its terms.

By Mr. Morin:

Q. Besides those different applications you found some others, Mr. Cameron.—A. Yes, sir.

Q. Will you please read them to the committee.—A. The Soulanges Water Power Company, application to the Minister of Public Works, on 14th June, 1910, for permission to divert 42,000 cubic feet per second in the canal along the north shore of the St. Lawrence from Coteau Landing to Cascades. The Company did not file any plans and the matter was not followed up.

The second was the Soulanges Power Co., who applied June 27, 1928, through Long and Daly. They claimed the right to develop power of the river between Lake St. Francis and Lake St. Louis by a canal on the north shore. They stated they were preparing plans of the alternative schemes. That was addressed to the Minister of Railways and Canals and also to the Minister of Public Works. That company was represented at the hearing of the Beauharnois Company's application.

The Cedar Rapids Power & Manufacturing Co., under date 14th January, 1929, wrote that they were prepared to carry out the Joint Board's Ile en Vaches 3 Stage project. They were represented at the Beauharnois hearing.

The Power Development Co., Ltd., under date of July 30th, 1917, applied to the Minister of Public Works for the use of the full flow of the St. Lawrence in this section.

In September, 1912, the Valleyfield Power Co., obtained, or applied for approval of partial development of this section of the river adjacent to Valleyfield. Those are the others.

Mr. MORIN: That is all.

By Mr. Gardiner:

Q. Well, you have not any information as to the actual disposition of those applications.—A. They never got anywhere. There are certain regulations they have got to meet to show they are bona fide applications. In the case, for instance, of the Soulanges Water Power Co., they never even sent plans of their works. We heard nothing further from the company.

Q. But is it not correct to say that in some of those applications they were turned down for very definite reasons.—A. There is nothing to show that there was a definite reason. That was not turned down. The Company did not press it. And the same with the Power Development Co., Ltd. And the Valleyfield one I did not have much chance to go through the file there, but nothing appears to have come of it.

Q. You might look up sometime, Mr. Cameron, and find out exactly if any of those applications were turned down for very definite reasons and have that information for the committee.—A. I will. Take, for instance, the Soulanges Power Co., and the Cedar Rapids. They made application at the time that this Beauharnois Company was making application, and they were represented at the hearing.

Q. Was not there an application made in 1924 by the Interprovincial Company, or the Sterling Company.—A. Yes, that is in that memorandum there, sir.

Q. This one here.—A. Yes, the last exhibit filed.

Mr. FORSYTHE: It is in Exhibit 36.

Mr. GARDINER: Have you that last Exhibit there, Mr. Morin.

Mr. MORIN: Yes, Mr. Gardiner.

Mr. GARDINER: Containing the Sterling application of 1924.

The WITNESS: On July 7th, 1924, the Sterling Industrial Corporation Limited applied to the Minister of Public Works. Requests made on 5 July, 1924, to the Minister of Railways and Canals for consideration and approval, in so far as the interests of Railways and Canals are concerned, of the following application:

1. To divert an amount of water not exceeding 30,000 cubic feet per second from Lake St. Francis, subject to the construction of the necessary remedial works;

2. To enter into an agreement with your Department under which the Corporation will either:

(a) Construct between Lake St. Francis and Lake St. Louis a power canal of such design that same may be used later for navigation purposes, if so desired, by the addition of works necessary for navigation purposes.

(b) Or a canal which will provide at once for navigation, as well as power purposes.

3. To approve of accompanying plans of the above project or such modifications thereof as may be mutually agreed to.

The Company asked for consideration of the application with a view to its approval in so far as the interests of the Department of Public Works are concerned.

July 11, 1924. Acknowledgment of same by Secretary of Department, and enclosing copy of memo. explaining procedure to be followed in connection with applications under the Navigable Waters Protection Act. The company's attention was directed to the fact that plan and description had not been deposited with the Registrar; that application had not been advertised, and that no evidence had been submitted to show that the company had the right to use the site of the proposed works.

By Hon. Mr. Mackenzie:

Q. When was that application of the Sterling Company rejected.—A. It was not rejected. They did not complete their application.

Q. What was the reason given in the last paragraph you have just read.—A. A letter from the Secretary of the Department acknowledging and enclosing copy of memo. explaining procedure to be followed in connection with applications under the Navigable Waters Protection Act. The company's attention was directed to the fact that plan and description had not been deposited with the Registrar; that application had not been advertised, and that no evidence had been submitted to show that the company had the right to use the site of the proposed works.

Mr. WHITE: Before Mr. Montgomery cross-examines, may I just bring to the attention of the committee some things which he might perhaps want to ask some questions about.

Referring to Exhibit 36, it seems to me that there are a few observations that ought to be brought to the attention of the committee at this stage.

In the first place, the Canadian Light Heat & Power Co., made an application to the Deputy Minister on the 29th of December, 1928, submitting an enlargement project for consideration and approval of the Department of Railways & Canals. Now, the original application of the Canadian Light Heat & Power Co., was August 18, 1910.

Then on the 18th of March, 1919, the Beauharnois Light Heat & Power Co., made an application, asking to have their technical officer consult with the Department's technical officers in regard to proposed enlargement of intake works of St. Louis Feeder Canal for the apparent purpose of taking more water from Lake St. Francis for use through power house located on the St. Louis river.

Mr. JACOBS: Was that 1910?

Mr. WHITE: 1910, sir. A report on the investigation of the technical proposals is that the proposed enlargements would increase the then average discharge of 200 c.f.s. to between 11,000 and 18,000 c.f.s., which would have a noticeable effect on navigation by lowering the surface of Lake St. Francis.

Then on the 5th of November, 1912, Mr. W. H. Robert, President of the Beauharnois Light Heat & Power Co., writes stating:

In order to bring the company's proposals up to date I submit herewith general plans of its proposed project, signed and approved by John Kennedy, Consulting Hydraulic Engineer of Montreal, and would request that these plans, contemplating the diversion of 11,000 cubic feet of water per second at low water period and 18,000 cubic feet of water per second at high water period of the St. Lawrence river, be approved.

Then there is the report of Mr. J. G. Johnston.

Hon. Mr. MACKENZIE: Is that the same Mr. Johnston that was on the committee of engineers?

Mr. WHITE: I believe so. Then a report of June 29, 1915, from Mr. H. Holgate. I think that has been spoken of already.

Then on the 15th of December, 1915, Mr. W. H. Robert, President of Beauharnois Light Heat & Power Company states:

There appears to be some misapprehension in regard to the amount of water the company proposes to withdraw from Lake St. Francis for power purposes through a proposed canal from Lake St. Francis to Lake St. Louis. It has come to my knowledge that several papers have been mislaid in connection therewith notably a letter signed by Sir John Kennedy, Hydraulic Engineer and Consulting Engineer of the company, dated May 30, 1910; two letters signed by me dated respectively Nov. 15 and 27, 1911, and another signed by Dr. Alfred Thomson, dated Feb. 25, 1915, duly authorized by the company, in each of which letters it is distinctly stated that the company proposes to withdraw 40,000 cubic feet per second from Lake St. Francis to be used in their proposed power canal which water is to be returned to Lake St. Louis.

In other words it goes from 200 to 11,000 at low water period and 18,000 at high water period, and from that to 40,000 cubic feet per second as early as December 15, 1915.

The CHAIRMAN: Who is it that states that the withdrawal of the 11,000 cubic feet per second will interfere with navigation? Did I hear that correct.

Mr. WHITE: Yes.

A report on the investigation of the technical proposals is that the proposed enlargement would increase the then average discharge of 200 c.f.s. to between 11,000 and 18,000 c.f.s., which would have a noticeable effect on navigation by lowering the surface of Lake St. Francis.

It does not say who makes that report. It is apparently a departmental report.

Then on March 10, 1916, there is a letter from Mr. Arthur Surveyer, transmitting report on proposed diversion of 40,000 c.f.s.

Then on January 12, 1917, Draft Report to Council, and it recommends:—

1. That authority be given to appoint a Board of Expert Engineers to investigate and carry on necessary field studies for the purposes of such investigation, and report fully upon all applications for power developments involving water diversion from Lake St. Francis, in order to:

(a) Determine the maximum amount of water which can be allowed to be diverted from said Lake in conjunction with effective remedial works.

The CHAIRMAN: That is the departmental committee that we had?

Mr. WHITE: No, this is 1917:

(b) Advise as to the best method of building these remedial works and of meeting the necessary expenditure entailed thereby, either by apportioning their cost between the companies benefitted and levying a charge per horse power developed for maintenance expenses, or by a fixed charge per horse power developed, covering cost, interest on capital expended and maintenance.

(c) Suggest rules and regulations for their control so as to safeguard in all respects navigation interests.

2. That in view of the agreement of December 28, 1909, should the decision of the Board of Engineers be favourable to further water diver-

sion, subject to the construction of certain remedial works within reasonable cost, the application of the Beauharnois Light, Heat and Power Company be given priority in the consideration of all such projects for the diversion of water from Lake St. Francis.

Mr. JACOBS: Who suggests that.

Mr. WHITE: This is the draft order in council.

Mr. JACOBS: What is 1917.

Mr. WHITE: January, 1917:

3. That such water diversion as may be permitted, and the construction of necessary remedial works shall be subject to the approval of the International Joint Commission.

Can you tell me, Mr. Cameron, whether that committee was appointed, a board of expert engineers, to investigate this.—A. Not that I could ascertain, sir. I think just about that time the whole question of the St. Lawrence was pretty well in the public mind, and it was just about that time they were figuring about referring it to the International Joint Commission, and out of that in time arose the Bowden-Wootten report of 1921.

Q. So that there is nothing in the file to indicate that this committee was ever appointed or made a report.—A. No, sir.

Mr. WHITE: Then on the 13th of October, 1917, there is a letter from Mr. W. H. Robert, referring to the application of Power Development Company, Limited, for approval of proposed works on north shore of the St. Lawrence river from a point starting from the Grand Trunk Railway crossing at the south end of Lake St. Francis, extending same eastward to a point 2,500 feet east of the eastern end of Prisoner's island.

And on the 29th of January, 1916, the company asks for approval.

On the 31st of January, 1919, Hon. F. B. Carvell, Minister of Public Works, writes to the Beauharnois Light, Heat and Power Company, and he states:

he finds the plans do not call for same rights as were originally intended in the lease, inasmuch as they are providing for a larger scheme than was the original intention. Furthermore that the approval of these plans would involve not only a consideration but the decision of the whole policy of water powers and navigation from Lake Ontario to Montreal. A commission of engineers, appointed some years ago, have never investigated or reported, and before he could do anything he must have every possible information on this important subject, and intends taking immediate steps to obtain the same by another commission, or whatever engineering authority may seem proper to the Department.

The CHAIRMAN: What year was that, Mr. White?

Mr. WHITE: That was 1918.

The CHAIRMAN: What year was it that the International Joint Board of Engineers was set up?

Mr. WHITE: Well, there have been two bodies, according to my recollection. I am not able to give you the dates.

The WITNESS: Mr. McLachlan was so intimately associated with the project that perhaps he would be able to tell you accurately.

Mr. WHITE: When was the International Joint Board of Engineers, in its present form, constituted?

Mr. McLACHLAN: In the spring of 1924.

Mr. WHITE: And was there some sort of Joint Board before that?

Mr. McLACHLAN: Yes, a Joint Board consisting of one Canadian and one American. They reported in 1921, and the International Joint Commis-

sion in adopting their report recommended that the Board be enlarged and be asked to report again on the whole matter.

The CHAIRMAN: And as a result of that, Mr. McLachlan, we have this report

Mr. McLACHLAN: Yes.

The CHAIRMAN: That has been provided for the use of the committee.

Mr. McLACHLAN: Yes.

Mr. WHITE: Is the report to which you refer the Bowden-Wootten report?

Mr. McLACHLAN: The report of 1921 was the Bowden-Wootten report.

Mr. WHITE: And they were the two men, Bowden and Wootten, who constituted the Joint Board at the time of the making of that report.

Mr. McLACHLAN: Yes, sir. I was assistant to the Canadian Engineer in 1921.

Mr. WHITE: And do you know when the first Joint Board consisting of two members was appointed?

Mr. McLACHLAN: I would say they were appointed in 1919 and they reported in 1921.

The CHAIRMAN: Just before you sit down, Mr. McLachlan. The first report, that is, the Bowden-Wootten report, never approved of this present construction.

Mr. McLACHLAN: No, sir. That report recommended developing the section on the north side of the river by utilization of the river for about two-thirds of its length.

The CHAIRMAN: Then the final report of the International Joint Board never approved of the present construction; that came on the north shore also.

Mr. McLACHLAN: Yes, sir.

The CHAIRMAN: Was this plan that we are presently dealing with ever submitted to the Joint Board for their approval.

Mr. McLACHLAN: It was very carefully considered, and in fact, there is an alternative, elaborating their plans. There is a plan for developing 280,000 horse-power combined with navigation, shown actually in the plans filed with that report, and the whole thing is discussed and the whole thing was very carefully considered.

The CHAIRMAN: I think we are a little at cross-purposes, Mr. McLachlan. Was this present project ever submitted to the International Joint Board for approval?

Mr. McLACHLAN: No, certainly not.

Mr. MONTGOMERY: May I ask a question, Mr. Chairman, bearing on that? Did the Bowden-Wootten report recommend any canal on the south shore.

Mr. McLACHLAN: On the actual improving of the river, the whole river, as recommended by the Bowden-Wootten report, it contemplated building a canal for navigation alone in the Soulanges section.

Mr. MONTGOMERY: It contemplated building a canal.

Mr. McLACHLAN: A canal on the Hungry Bay-Melocheville route. They contemplated no power in connection with it—

Mr. MONTGOMERY: Just a minute, Mr. McLachlan. Just answer one question at a time, please. The Bowden-Wootten report had to do with navigation, had it not.

Mr. McLACHLAN: Yes. It had to do solely with navigation. You would have to read the questions that were submitted to Messrs. Bowden and Wootten in order to really answer that question.

Mr. MONTGOMERY: Let me ask you another question then, Mr. McLachlan. The Bowden-Wootten report considered navigation proposals, did it not, navigation proposals on both the north and south shores.

Mr. McLACHLAN: Yes, they did.

Mr. MONTGOMERY: And by their report they recommended a canal, a canal for navigation purposes to be put there from Hungry Bay to Melocheville very much on the same line as is followed in this Beauharnois project.

Mr. McLACHLAN: Absolutely, that is right.

Mr. MONTGOMERY: That is all.

Mr. McLACHLAN: In order that the committee might understand the matter more clearly I should supplement the answer to that last question. The reason for their coming to that conclusion was because they conceived that the power developed in that international section was sufficient to last Canada for a long period of time and it would be foolish to develop power in the Soulanges section and in the International section at the same time, having decided that there were greater economies to be obtained; in fact, in the International section they conceived it best to recommend improvement of the Soulanges section for navigation alone for the time being with subsequent development for power being made on the north shore on the Soulanges section by utilization of the river for all but about five miles.

Mr. WHITE: That is, as the present demand for power altered that situation, and there are considerations which were not present at the time of the making of the Bowden-Wootten report.

Mr. McLACHLAN: There were at the time that committee's report was made. We cannot always tell exactly what is ahead of us because we do not know as regards the wishes of the country and the government of the country in regard to all those things.

The CHAIRMAN: How much power could have been developed on the International section.

Mr. McLACHLAN: The Canadian part of the International section would yield about a million horse power, which is enough to last the province of Ontario for about ten years.

Mr. WHITE: Was Mr. Magrath agreed that that was sufficient for ten years.

Mr. McLACHLAN: I am basing that on his statements largely.

Mr. JACOBS: Was the province of Quebec represented on that Bowden-Wootten committee.

Mr. McLACHLAN: No, there was only one man, individual man.

Mr. WHITE: Represented as part of the Dominion I assume, Mr. Jacobs.

Mr. JACOBS: I want to know whether the province of Quebec was represented when this power question was being discussed.

The CHAIRMAN: I suppose represented in the same way that all other provinces were represented by the one Canadian.

Mr. JACOBS: Have they got any such jurisdiction.

Mr. WHITE: I suppose they did have, Mr. Jacobs, the right to make any recommendations which, if they did not interfere with the rights, or the alleged rights of any province, might be carried through, and which if they did not interfere with these rights might or might not be carried through accordingly as each province interested might be agreeable to the proposal.

Mr. CANNON: I understood that Mr. McLachlan would be questioned on this matter casually, but if my learned friend wants to go into the power question fully, then I will have more to say.

Hon. Mr. MACKENZIE: The committee have the report before them and we will discuss among ourselves what is relevant and what is not.

Mr. MONTGOMERY: In connection with an exhibit which has been filed this morning, with the applications made in the Soulanges section, I would like to draw the attention of the committee to an exhibit already in and forming part of the large file, Exhibit 17, that is, 804-1C at page 284, which is a memorandum regarding power development in various parts of Canada approved by the Federal government under the Navigable Waters Protection Act. You are perhaps familiar with that, Mr. Cameron. It is a summary prepared of the various applications which have been made not only in the Soulanges section but throughout Canada. I do not need to ask the witness to file it, it is already filed.

Mr. WHITE: What is the date of it, Mr. Montgomery.

Mr. MONTGOMERY: I do not know that it is dated, Mr. White.

Hon. Mr. MACKENZIE: Who prepared that memorandum, Mr. Montgomery.

Mr. MONTGOMERY: I cannot tell you. It was found in the departmental file. It was an exchange between Mr. Edwards and Mr. Hunter, the Deputy Minister, but who prepared it I do not know.

The WITNESS: It was likely prepared in the Public Works Department, Engineering Branch.

By Mr. Montgomery:

Q. You would take that to have been prepared in the Public Works Department, Engineering Branch.—A. I would think so, Mr. Montgomery.

Q. Reference has been made to the bridges in your examination, Mr. Cameron, and I see they are dealt with in paragraph 51 of the Engineers Joint Report.—A. Yes.

Q. In that report you speak of five bridges on the North Shore. I would like to know whether they have been reduced?—A. "Not less"?

Q. However there will be not less than five bridges,—did I say on the North Shore?—A. Five on the South.

Q. Yes. That number of bridges has been reduced to three, has it not?—A. Three on the channel, the navigation channel.

Q. How does that compare with the number of bridges which would have to be encountered in navigation on the North Shore?—A. Inasmuch as the North Shore route is still in the same position as it was at the date of this report, there would be no change.

Q. Had the North Shore route been carried out according to the alternative scheme which was proposed, or the scheme which you were then discussing in paragraph 51,—I notice in your report, paragraph 51, you say:

However, there will be not less than five lift bridges on the South route, whereas the number required on the North route was proposed to be held down to three.

The number is now the same, is it?—A. Yes.

Q. As regards locks the position is the same as mentioned in your report?—A. Yes.

Q. And there the committee, as you pointed out, is all in favour of the South route?—A. Yes, that was the conclusion the committee came to.

Q. Both as regards entrances and as regards the number of locks involved?—A. Both as regards entrances and number of locks involved.

Q. Different schemes for the development of this section are discussed in your report. Was there not a plan of the route annexed to it?—A. Yes.

Q. And those show developments on the North Shore, developments on the South Shore, and the combination of developments on both shores?—A. Yes.

Q. Can you tell me whether or not they all require a diversion of the river to an inland canal?—A. Yes, I would say so.

Q. Whether on the North Shore or the South Shore, it was a combination of developments?—A. Yes, from between the banks of the river.

Q. As shown on these plans annexed to the report?—A. Yes.

Q. And that is so on every report that you are aware of, that the development in this section, including the Joint Board Reports, included in the Green Books there show a diversion greater or less of the river?—A. Well, I would say so, depending on the scheme or the combination of schemes under discussion, the amount would be more or less.

Q. So that some diversion is required for the development of that section under any of the schemes that had been suggested?—A. Yes, I think that is true.

Q. You have been connected with the Department for a great many years, have you not?—A. Yes, for quite a number of years,—twenty years.

Q. In connection with that report which I showed you this morning—you have it before you—there are listed there applications which have been made to and approved by the Governor in Council under the Navigable Waters Act, diverting the flow on navigable rivers, are there not?—A. Yes.

Q. I see you start with the famous Queenstown-Chippewa Hydro Electric one?—A. The Chippewa, Niagara, Power Canal at Niagara Falls.

Q. And there are many of them, are there not?—A. Oh, yes.

By Mr. White:

Q. Is the Niagara River navigable under that Act?—A. It is considered a navigable river at the point where the water comes in from the Niagara River and they back the Welland River—

By the Chairman:

Q. Is it navigable?—A. The waters of the Niagara River are actually navigable.

Q. The Niagara River is considered a navigable stream?—A. Yes, it is navigable in fact.

The CHAIRMAN: Especially in barrels.

Mr. WHITE: And you must not leave out the Maid of the Mist.

By Mr. Montgomery:

Q. The Niagara, I fancy, must be considered a navigable stream?—A. It is navigable, sir, from Lake Erie down to the Falls, and then from Queenstown, which is quite a few miles.

Q. And you will find many others on that list, where there are no Niagara Falls involved. Would you care to have a list of them?

Mr. JACOBS: It might be a good idea to let us have a list of the navigable streams, which are so regarded by the Department.

Hon. Mr. MACKENZIE: Where there has been a diversion.

Mr. MONTGOMERY: A diversion from one section of the stream to another.

By Mr. Montgomery:

Q. Will you give us the list?—A. The Queenstown-Chippewa Power Canal—that is from the Niagara River and the Welland River down; the Dominion Power and Transmission Company, near St. Catharines—I do not place that in my mind, what it is; it seems to be associated with the Welland Canal.

Mr. MONTGOMERY: There is a description on the back of that.

Mr. WHITE: This is the old Welland Canal.

The WITNESS: The water is taken from the Niagara River and the old Welland Canal through a series of artificial pools or lakes—

The CHAIRMAN: What is the purpose of referring to these things.

Mr. MONTGOMERY: It is to show that ever since the Navigable Waters Protection Act has been in force this has been done.

The CHAIRMAN: That they have been making the same mistake?

Mr. MONTGOMERY: You can put it in that way, but they have been authorizing the diversion of waters from navigable streams through canals without the consent of Parliament.

Mr. JACOBS: Where power is obtained through the operation?

Mr. MONTGOMERY: Yes, sir.

Hon. Mr. MACKENZIE: I should think that was a very important point.

The WITNESS: The next one is the Great Lakes Power Company, at Sault Ste. Marie—that is the canal around the falls in the St. Marys River at Sault Ste. Marie, Ontario, and in Michigan.

By Mr. White:

Q. That was an international scheme?—A. Yes, and that it was approved by the International Joint Commission.

By Mr. Morin:

Q. Were these diversions authorized by orders in council alone or also by Act of Parliament?—A. How the companies were incorporated I cannot tell you in every case, but the order in council—

Q. By both?—A. The approval was under the Navigable Waters Protection Act, or subsequent to an application made under the Navigable Waters Protection Act.

By Hon. Mr. Mackenzie:

Q. Was that approval given by order in council or by Act of Parliament?—A. The approval was given by order in council.

Q. Does the memorandum which you are reading from now give the dates of these various approvals?—A. No, sir, it does not.

Mr. WHITE: And Mr. Cameron points out that he is not aware whether there was an Act of Parliament also.

Mr. MORIN: Granting these rights.

Mr. MONTGOMERY: He would not be aware of that. But I think you will find that very few of them were authorized by special Act; the Cedars Rapids was a special Act, but it did not derive its powers to divert waters from the river by the special Act, but it derived its powers from certain sections—

Mr. WHITE: Not even by implication?

Mr. MONTGOMERY: We probably would not agree on that, we agree on so few things.

Mr. WHITE: The first thing we know, you will be in the same boat as some engineers.

By the Chairman:

Q. Mr. Cameron, am I right in this, that since the International Joint Board was set up, where the diversions of waters have been authorized on navigable streams, whether it was done by order in council or otherwise, as I understand it, it was always submitted to the Joint International Board for approval?—A. If it dealt with the St. Lawrence, with international rivers, yes.

Q. With the exception of this present project, which was not?—A. This was not submitted to the International Joint Commission.

By Mr. Montgomery:

Q. The Report of the Joint International Commission preceded this application, did it not?—A. Yes, the Report of the International Joint Board of Engineers preceded this application.

By Hon. Mr. Mackenzie:

Q. November, 1926.—A. Yes.

By Mr. Stewart:

Q. Was the Chippewa diversion referred to the Joint Board?—A. No, sir, not to the best of my knowledge.

Q. What year was that in?—A. That started back about 1913.

Mr. WHITE: That was earlier than the formation of the Joint Board.

By Mr. Montgomery:

Q. Which one are you referring to now?—A. The Chippewa.

Q. As regards the necessity for the reference of this present application to the Joint Board, that was one of the subjects on which the Justice was asked to report by the Department of Public Works?—A. I think so, Mr. Montgomery.

Q. At any rate their opinion was asked by the Department of Public Works, to advise them as to whether there was any necessity for a report?—Yes.

Mr. JACOBS: There is a difference between justice and the Department of Justice.

Mr. MONTGOMERY: Perhaps we are confused in terms, by the use of the words, International Joint Board, which was the power board and the International Joint Commission, which was the commission.

Mr. JACOBS: Yes.

By Mr. Montgomery:

Q. Turning to the preliminary report,—

Mr. WHITE: In the meantime might I have a look at the memorandum?

By Mr. Montgomery:

Q. Would you like to run over a few of these developments, Mr. Cameron?

The CHAIRMAN: I really do not think it will have any bearing, Mr. Montgomery.

Mr. MONTGOMERY: We can take it, because this document is in the middle of one of those great big files and I do not know how many of you will have occasion to refer to that very large file.

By the Chairman:

Q. What Mr. Cameron has before him now, I presume, is a résumé of similar works carried out in Canada, and giving a résumé of how it was brought about?—A. Yes.

Mr. MONTGOMERY: He might read the names of the different projects, and if there are any of them about which you desire to ask questions, the information is there.

The WITNESS: This memorandum divides itself into five classes of water diversions.

By the Chairman:

Q. By the way, when was it prepared? Is there a date on it?—A. No, sir, there is no date on it. It is File 804-1-C, page 284.

1. Open channels across dry land.
2. Closed channels across dry land.
3. Diversions from one stream or channel to another.
4. Diversions in the stream itself.
5. Diversions through channels artificially constructed for navigation (canals).

Examples of Class 1:

- (a) Queenstown-Chippewa Power Canal, at Niagara Falls.
- (b) Dominion Power and Transmission Company, near St. Catharines.
- (c) Great Lakes Power Company, Sault Ste. Marie.
- (d) Hydro-Electric Power Commission—of Ontario, Nipigon River, Cameron Falls.
- (e) Alcoa Power Company, Saguenay River, at Chute au Caron.

Examples of Class 2. That is closed channels across dry land:

- (a) Ontario Power Company, Niagara Falls.
- (b) International Paper Company, Grand Falls, St. John River, N.B.
They built a dam across the river and built a tunnel above the dam and took the water through the tunnel for the power.
- (c) Shawinigan Water and Power Company, St. Maurice River at Shawinigan Falls.

Examples of Class 3: Diversions from one stream or channel to another.

- (a) Winnipeg Electric Company, Winnipeg River, Pinawa Channel.
- (b) Montreal Island Power Company, Riviere des Prairies, and Riviere des Milles Iles.
- (c) Duke Price Power Company, Saguenay River, Ile Maligne.
- (d) Ottawa River Power Company, Calumet Island, Bryson, Que.

Examples of Class 4: Diversions in the stream itself.

- (a) Winnipeg Electric Company, Winnipeg River, Pinawa Channel.
- (b) Montreal Light, Heat and Power Consolidated, Lachine Rapids development.
- (c) Cedars Rapids Manufacturing and Power Company, Cedars Rapids, St. Lawrence River.
- (d) Carillon Construction Company, Carillon Dam, Ottawa River.
- (e) Ottawa River Power Company, Calumet Island, Bryson, Que.
- (f) Shawinigan Water and Power Company, St. Maurice River, La Gabelle.
- (g) Laurentide Power Company, St. Maurice River, Grand'Mere, Que.

Examples of Class 5: Diversions through channels artificially constructed for navigation.

- (a) Dominion Power and Transmission Company, from Niagara River and old Welland Canal near St. Catharines.
- (b) Provincial Light and Power Company, from Soulanges Canal at foot of Cedars Rapids.
- (c) Various powers from Lachine Canal near Montreal.
- (d) Cornwall Canal, near Iroquois, Ont.
- (e) Canadian Light and Power Company, abandoned old Beauharnois Canal, near Ste. Timothee, Que.

By the Chairman:

Q. Who prepared this, Mr. Cameron?—A. I have no definite knowledge, but I presume it was prepared in our department. I do not know what for.

Q. What was the occasion of it?

By Mr. White:

Q. Perhaps I could help the witness. I see before it a date January 28, 1928, which apparently refers to this memorandum?—A. Yes.

Q. And it is initialled W. S. E.?—A. That would be Mr. W. Stuart Edwards, the Deputy of the Department.

Q. And who was the "E."?—A. That would be the Secretary.

Q. That does not give the name of the engineer or departmental officer who prepared it?—A. No, sir.

By the Chairman:

Q. Then is it right to assume that this document from which you have been reading was prepared for Mr. Edward's guidance or instruction just prior to his advising your department?—A. I would be inclined to relate it to that circumstance, sir.

By Mr. Jacobs:

Q. But it is a simple departmental file?—A. Oh, absolutely.

By Mr. Montgomery:

Q. And those records are all on file in your Department?—A. Yes.

Q. And may be referred to?—A. I would not say that they were all; we would not have No. 5, you see.

By Mr. White:

Q. I would draw the witness' attention to the markings on the file, "No record".—A. They would be under Railways and Canals.

By the Chairman:

Q. Do you know if Mr. Edwards asked for this before he gave his opinion?—A. Unless it is on the file, I would not know.

By Mr. Montgomery:

Q. Looking through the file, I did not see any request on the file.—A. It may have been a verbal request.

By the Chairman:

Q. There may have been occasion for it in order to found a legal opinion on a set of facts presented as to a court or tribunal or lawyer for decision.—A. Yes, I would presume that probably Mr. Hunter and Mr. Edwards had some discussion about this matter and that—

Mr. WHITE: Perhaps Mr. Hunter might be able to tell us.

Mr. HUNTER: I think I can tell you quite clearly; when we were considering the Beauharnois report and its effect upon the Navigable Waters Protection Act, we all wanted to know how many times that had been done, and where, and how. So we all looked around and made up a list to show where such diversions had been made, and for what purpose they were: and that information was available to everybody.

The CHAIRMAN: Then am I correct in my assumption, Mr. Hunter, that when the Beauharnois application came before you there was anxiety in your mind as to whether it was proper to approve of it by order in council?

Mr. HUNTER: We certainly wanted to know whether it would require a Dominion Act or whether we had authority to approve of it under the Navigable Waters Act. That is why we went to the Department of Justice, we wanted to know.

The CHAIRMAN: In your experience, were you burdened with the same anxiety in connection with other applications?

Mr. HUNTER: Yes, we always have that anxiety to know whether we can legally act on an application, and we take every step to assure ourselves we can do it, before we do it.

Mr. WHITE: Were any memoranda of this kind prepared in connection with any other application?

Mr. HUNTER: Yes, you will find them all through our files, in every application we consider.

Mr. WHITE: A history of all the diversions which have taken place up until the time of the application?

Mr. HUNTER: Each one has its own particular conditions.

Mr. WHITE: Not that, Mr. Hunter, at all, please.

Mr. HUNTER: I am explaining to you.

Mr. WHITE: I am asking you a very simple question, which is, whether in the files of other applications there is a history of all the diversions in the Dominion up to the time of the making of that other application.

Mr. HUNTER: It may be easy to answer that question, but I must answer it in this other way, that we have different sorts of memoranda about each application, giving similar information.

Mr. WHITE: Are you prepared to state now that in any other application, other than the Beauharnois, which has ever come before your Department, there is in the file a similar document to this?

Mr. HUNTER: Yes there is.

Mr. WHITE: Containing a history of all the Dominion diversions up until the time of the making of that application?

Mr. HUNTER: It contains the history of all the diversions similar and appertaining to that diversion.

The CHAIRMAN: Which one do you have reference to now?

Mr. HUNTER: There are several. The last one I remember is the Abitibi.

The CHAIRMAN: That was subsequent to the Beauharnois?

Mr. HUNTER: Yes, and Chats Falls.

Mr. WHITE: That is also subsequent to the Beauharnois. Is there any instance you can give which antedated the Beauharnois?

Mr. HUNTER: That is the system back to 1910, when Mr. Carvel was dealing with it, he had similar memoranda. I remember when a similar application was made by the Beauharnois people, and that explains the reference which was made a while ago.

Mr. WHITE: Did Mr. Edwards ask for this information before he advised you?

Mr. HUNTER: I do not know whether he did or not. Probably he did, or probably it would be quite in order that we would give him all we had, because we had investigated before and he took all our information and advised us on what we have given him.

The CHAIRMAN: Is there on the record,—if it is it has slipped my memory,—an enquiry from the Department of Public Works to Mr. Edwards, just prior to his giving his decision?

Mr. WHITE: Oh, yes.

Mr. HUNTER: And we gave him all the information we had and he went over it, so that he could question us as to any further information or the elaboration of the information which he had, in order that he might come to his conclusion.

Sir EUGENE Fiset: Is it not the practice, when asking the Department of Justice to give an opinion, to give them all the information you have?

Mr. HUNTER: We give them full information and ask them to question us as to any further information they need in coming to their conclusion.

The CHAIRMAN: That is a common practice?

Mr. HUNTER: A common practice and a very sensible practice. When you are applying to your lawyer, you want to give him all the information you have.

Mr. WHITE: Then I may say that the Department of Public Works is ideal.

Mr. HUNTER: We claim it is. We claim we operate our Department in a way that no other Department does.

The CHAIRMAN: I agree with you.

Mr. HUNTER: We get corroboration on all sides.

Mr. JACOBS: You want to have your decisions rip-rapped?

Mr. HUNTER: Yes, and double-soled.

Mr. WHITE: Instead of concreted.

By Mr. Montgomery:

Q. Have you finished that list, Mr. Cameron?—A. Yes, I have read the list.

Q. I understand that in addition to those which relate to more or less important water power developments, there are scores of applications for diversions for municipal purposes, water or aqueduct purposes?—A. Yes, and sewers, and water intakes.

Q. Which were made under the Navigable Waters Protection Act and were approved under the Navigable Waters Protection Act?—A. Yes.

Q. I have just had an opportunity of glancing over the preliminary report by Mr. McLachlan, and would like to ask you a question about it. You do not recall this particular report?—A. I do not recall it particularly, no, Mr. Montgomery.

Mr. WHITE: In that connection, if I am not interrupting my learned friend—

Mr. MONTGOMERY: No, go ahead.

By Mr. White:

Q. What is said by Mr. Hunter in his submission to the Department of Justice is this, appearing on page 100 of the Evidence:

I may say that the only case approaching this in similarity, where an application was made under the Navigable Waters Protection Act, is the application approved by Order in Council of February 28, 1929, of the Hydro Electric Power Commission of Ontario for approval of plan and description of certain power development works proposed to be constructed at the mouth end in the navigable channel of the Welland River which flows into Niagara River at Chippewa above Niagara Falls, in the Province of Ontario. In this case the diversion is provided for under the Boundary Waters Treaty of 1909.

Similar works have been by charter of the Dominion Government, and under the charters the plans for approval were submitted to this department and to the Department of Railways and Canals. The application of the Michigan Northern Power Company and the application of the Algoma Steel Corporation, Limited, seeking the approval of proposed diversion of water on the Michigan and Ontario sides of St. Marys river were dealt with by the International Joint Commission.

Hon. Mr. MACKENZIE: Also on the same page, higher up Mr. Hunter put the question squarely up to the department:

I would inquire if in your opinion the application may be treated as provided by section 7 of the Act, as a work concerning which Parliament, in passing this Act, delegated to the Governor General in Council its authority as in respect to navigation.

I would inquire further, should your opinion be negative to the above question, would this be a work concerning which Parliament retained to itself its powers to approve, similar to the question of bridges over the St. Lawrence, as was done in section 11 of the Act, and if the company should secure a Dominion enabling act to proceed with its proposed works.

The question was put squarely up to the Department of Justice by the Department of Public Works.

Mr. WHITE: I cannot agree that it is put up squarely.

Mr. MACKENZIE: I do not see why not.

Mr. HUNTER: I do not think that is a fair remark for Mr. White to make.

Mr. WHITE: Mr. White will make whatever remarks he thinks proper to make.

Mr. HUNTER: If that remark is against the department, I submit to the Committee that it was put up squarely to the Department of Justice.

Mr. WHITE: It shows the thin-skinned attitude of the department. Why Mr. Hunter should take any objection or think I am making any reflection upon the department, I am unable to understand. As between Captain Mackenzie and myself, we as lawyers understood what was meant by putting a thing up fairly and squarely. It is something which a layman probably would not use in the same way; but I am not concerned at all as to whether or not what I say is satisfactory to Mr. Hunter.

Mr. JACOBS: We have to observe the amenities, Mr. White.

Mr. WHITE: I agree, and up until now I think perhaps my conduct before the committee is such as to commend itself to the committee—outside of what I may say to my learned friend, Mr. Montgomery, of course.

Mr. JACOBS: That is as one lawyer to another.

I would inquire if in your opinion the application may be treated as provided by section 7 of the Act, as a work concerning which parliament, in passing this act, delegated to the Governor General in Council its authority as in respect to navigation.

Now, that may be clear and may be putting it squarely to the Deputy Minister, but I would not think so. That is all I wish to say. If I had been doing it, I would have done it in a different way.

Sir EUGÈNE Fiset: You are dealing at the present time with opinions of the Justice Department, based on Mr. Hunter's letter. It seems to me there were two or three opinions expressed by the Department of Justice, and I should like to have them read into the record.

Mr. WHITE: I think there are only two.

Sir EUGÈNE Fiset: I think these opinions should be on the record, as well as the others.

Mr. WHITE: Yes. Mr. Edward's letter dealing with the letter of the 17th inst., is found on page 101 of the evidence.

Sir EUGÈNE Fiset: There are three more opinions of the Department of Justice on the subject matter.

Mr. WHITE: The other one was not read in by Mr. Morin for the reason that it refers, I take it, to the procedure only, and as to whether the formalities have been carried out, and not to the substance of the application or as to the authority of the order in council.

Sir EUGÈNE Fiset: This was an important matter, and it seems to me we should have them on the record.

Mr. WHITE: We will, as a matter of fact, turn it up.

Mr. MORIN: Mr. Renaud says the matter was properly before the Governor in Council. I can find no other.

Mr. MACKENZIE: There was a letter written on December 17, 1928, the Hunter letter, and there is another letter to the Justice Department dated January 18, 1929, found in the same file, 804-1.

Sir EUGÈNE Fiset: I think there are three with reference to the agreement before signature.

Mr. MACKENZIE: There is one on the 11th March, 1929, to the Justice Department.

Mr. MORIN: Yes.

Mr. WHITE: There is a letter dated January 21, 1929, found at page 126 of exhibit 17, 804-1-D, and is as follows:—

Beauharnois Light, Heat and Power Co., for approval of works for division of water—Lake St. Francois to Lake St. Louis.

With reference to your letter of the 18th instant (804-1), I beg to say that the perusal of your file has satisfied me that all the requirements of Section 7 of the Navigable Waters Protection Act have been complied with, and this application may now properly be submitted for the approval of the Governor General in Council.

Your papers returned.

Yours truly,

(Sgd.) J. A. RENAUD.

Mr. HELLMUTH: There is a letter of January 18, 1929, from Mr. O'Brien, secretary, Public Works Department.

Mr. WHITE: Yes, I have it here.

I beg to refer to you, herewith, the file of this department (No. 804-1), relative to an application from the Beauharnois Light, Heat and Power Company, under section 7, chapter 140, Revised Statutes of Canada, 1927—the Navigable Waters Protection Act—for approval of the plans and site of works required for the diversion of 40,000 cubic feet of water per second from Lake St. Francis to Lake St. Louis, in connection with the power canal proposed to be constructed by the said company south of the St. Lawrence river.

Deposit in the Registry Office: The tracings of the 12 plans submitted for approval, a copy of a report from Mr. F. B. Brown, Consulting Engineer, dated May 3, 1927, on the project, a further report from the same engineer dated January 16, 1928, a study of remedial and control works also from the same engineer, dated January, 1928, all bear the certificate of the Registrars of Deeds for the Counties of Beauharnois

and Soulanges to the effect that a duplicate of each document was deposited in their respective offices on July 10, 1928; the same certificate is also affixed to a copy of a booklet containing the plans and descriptions of the site, the deposit of this booklet having been made in the two Registry offices mentioned on July 16, 1928.

Advertising: The applicant company has filed with the Department evidence of publication of the notice in connection with the application in the Canada Gazette on July 21 and 28, August 4 and 11, and in two local newspapers: The Huntingdon Gleaner and Le Progres de Valleyfield, on July 19 and 26, August 2 and 9, 1928. The notice to the public was therefore made subsequently to the deposit of the plans and other documents with the Minister of Public Works and in the Registry Offices concerned.

Site: The company, under its charter, as amended at the last session of the Legislature of Quebec, 1928, has been granted the power to expropriate lands necessary for the construction of the proposed canal, which apparently gives it the right to secure private property for the project. As no land belonging to the Dominion Government appears to be concerned in connection with the project, it would seem that the interests of the applicant company in the site are covered by its power of expropriation.

Taking into consideration the above remarks, will you please advise whether the requirements of section 7 of the Navigable Waters Protection Act have been complied with in connection with the above application of the Beauharnois Light, Heat & Power Company, and if such application may now properly be submitted to the Governor General in Council for approval.

(Sgd.) S. E. O'BRIEN,
Secretary.

The CHAIRMAN: Who signed that letter?

Mr. WHITE: Mr. S. E. O'Brien, secretary of the Department of Public Works. Then, you have the reply of Mr. Renaud on the 21st January, the Assistant Deputy Minister of Justice, saying that the application may now properly be submitted. I wish to say to you, Mr. Chairman, and gentlemen of the committee, Mr. Morin and I felt, rightly or wrongly, that what was involved in the opinion of Mr. O'Brien, was purely on formal matters and the letters would clearly indicate that. We did not think the committee would care to be bothered with the reading of the details of it. Section 7 of the Act says—

Mr. MACKENZIE: It shows that the Justice Department was consulted on three occasions with regard to this matter by the Department of Public Works.

Mr. WHITE: Quite so. Section 7 of the act says:

The local authority, company or person proposing to construct any work in navigable waters, for which no sufficient sanction otherwise exists, may deposit the plans thereof and a description of the proposed site with the Minister of Public Works, and a duplicate of each in the office of the registrar of deeds for the district, county or province in which such work is proposed to be constructed, and may apply to the Governor in Council for approval thereof.

2. Such local authority, company or person shall give one month's notice of the said deposit of plans and application by advertisement in the Canada Gazette, and in two newspapers published in or near the locality where such work is to be constructed.

The nature of the correspondence does seem to indicate clearly that what was concerned in these opinions, as I have already indicated, was purely as to whether the prerequisite formalities prescribed by section 7, had been complied with.

The CHAIRMAN: Are there any more questions?

Mr. MONTGOMERY: Inasmuch as examination has been made upon this draft report, I think it should be filed as an exhibit.

The CHAIRMAN: The draft report of Mr. McLachlan?

Mr. MONTGOMERY: Yes. It will save time in examining Mr. McLachlan.

Mr. WHITE: I have no objection to that. That will be Exhibit 37.

The CHAIRMAN: It was a report before the joint report, which criticized what is being done?

Mr. MONTGOMERY: A great deal of it is an endorsation.

The CHAIRMAN: Some endorsation and some criticism.

Sir EUGENE Fiset: It is apparently a preliminary draft to the joint committee of engineers. That is what it looks like, because there are many expressions in it—

Mr. WHITE: It is filed purely on the question whether there was any discussion on it or not.

Mr. MORIN: I am informed that Mr. McLachlan objects to this plan, and is supported by the Canadian Section of the joint board, and I wonder if it would be worth while to have them come here.

Mr. JACOBS: His draft report was endorsed.

Mr. MORIN: His present objections I am speaking of.

The CHAIRMAN: Who are the members of the Canadian section?

Mr. MORIN: Mr. LeFebvre, General Mitchell and Mr. McLachlan.

Sir EUGENE Fiset: I think that letter, Mr. Chairman, deals with the same report that we have not been authorized to read in the evidence here, and which is still sub judice.

Mr. WHITE: No, not this report. That was long before.

Mr. MONTGOMERY: The joint report, I understand, of the Canadian section, is the one that reference was made to in the opening of the section. The Canadian section of the International Joint Commission made a report, which was referred to at the opening of the session, and has not been used.

Mr. MACKENZIE: A report made on December 13, 1930.

The CHAIRMAN: This is a draft report dated January 25, 1929, a report which was signed by Mr. Cameron.

Mr. MORIN: Cameron, Johnston, Cote and McLachlan, and was dated January 30, 1929. This draft report would be just prior to that, probably a week.

Mr. JACOBS: To whom was that report made, or was it just simply notes jotted down by Mr. McLachlan?

Mr. WHITE: Let us ask Mr. McLachlan.

Mr. McLACHLAN: What is the question?

Mr. JACOBS: I want to know to whom this report was made which is dated about a week before you signed the report with the other engineers.

Mr. McLACHLAN: When I was first instructed to co-operate with Mr. Johnston and Mr. Cote in assisting Mr. Cameron with regard to this application, I drafted the first report. That report was made up of—

Mr. MACKENZIE: Your conception of it.

The WITNESS: My conception of it. We met together and read it over together, and we decided upon certain alterations in it. I understood Mr. Cameron to say that there was never any discussion amongst us of the clause that dealt with the width of the embankment, and when I heard Mr. Cameron making that statement, I went to my file containing the preliminary draft and found this document in it. I found it had the clause stating—

Mr. MORIN: We have read it.

Mr. MACKENZIE: I think Mr. Cameron said he could not recall it.

The WITNESS: He probably couldn't, but it was circulated.

By Mr. Morin:

Q. Why did you drop this clause?—A. It was regarded as a matter of detail by those who were discussing it.

Mr. MACKENZIE: It was cleared up this morning, Mr. McLachlan.

Mr. WHITE: That is not an answer to Mr. Jacobs' question. What Mr. Jacobs wants to know is to whom this report was presented?—A. That report was presented to the members of our committee of engineers; it was read amongst us.

Mr. JACOBS: In other words, it is the private opinion of yourself, and you say you discussed it with the other members.

The WITNESS: It was produced to prove to Mr. Cameron that the thing was discussed.

The CHAIRMAN: Mr. McLachlan, a week afterwards, on January 30th, you all come in with this report?—A. Yes.

Q. That has been filed?—A. Yes.

Q. In the preparation of the final report of January 30, 1929, did your committee have the assistance of anyone outside of yourselves?—A. We had the assistance of a sub-committee of the cabinet.

Q. Would that be regarded by an engineer as assistance?

Mr. WHITE: That is a very delicate question for a civil servant to answer, Mr. Chairman.

By the Chairman:

Q. Had you anyone else other than the sub-committee?—A. No.

Q. No other engineers?—A. No; that clause was dropped on the advice of assistance we had, as being a matter of detail that should be dealt with when detailed plans were submitted and being discussed with the Beauharnois engineers.

By Mr. Jacobs:

Q. You concurred in that?—A. I agreed with that, yes. I thought it was the best answer to the question.

By the Chairman:

Q. Just one moment. You say, at the conference with the Beauharnois engineers?—A. No.

Q. I understood you to say that.—A. No; that the matter should be dealt with—instead of dealing with the width between the embankments in the clause, it was thought best to delete it from the report and settle what the width between the embankments was to be after the Beauharnois engineers had had an opportunity to discuss the matter with us.

Q. After P.C. 422 was passed.—A. Yes, after 422 was passed. That was the intention; and it seemed to me a perfectly reasonable proposition. I was quite glad to accept it.

By Mr. Morin:

Q. Had you been consulted about the drafting of this— —A. I have not been consulted, no. I have not been consulted before those plans were approved. I did not know until the other day that Mr. Cameron had recommended approval. I thought, in fact, he had refused to approve them.

Q. Since you left, have you been consulted about those plans?—A. Since I was asked by the Prime Minister or by the Prime Minister through a letter from Dr. Manion to call the Joint Board of Engineers together and report; I have not had any discussion with Mr. Cameron since that, that I can recall, at least, and as I sent Mr. Cameron a copy of my instructions since I received them—

The CHAIRMAN: I don't know that—

The WITNESS: That naturally cut me off from instructing Mr. Cameron any further.

Sir EUGENE Fiset: We have no right to deal with that.

By Mr. Jacobs:

Q. You stated in your examination in chief, you stick to the report that you signed with the other three?—A. I do sir, entirely.

Q. You do entirely?—A. I do, entirely. I see no reason for changing any word of it. I still regard the width between the embankments as a detail.

Mr. JACOBS: Some detail.

By the Chairman:

Q. Mr. McLachlan, you say you stick to this report of January 30, 1929, in its entirety?—A. Yes, sir.

Q. Having regard to where the banks are now located, I suggest to you it has got a little out of control?—A. Got completely out of control, sir.

The CHAIRMAN: Are there any other questions any member of the committee wishes to ask?

Mr. GARDINER: I want to clear up a point brought up yesterday.

Q. In some correspondence which was brought before the committee by Mr. White, counsel for the committee, there was an application made for a further diversion of water, for which no approval has been granted. Can you explain a little more about that diversion, Mr. McLachlan.—A. By whom was the application made, Mr. Gardiner?

Q. By the Beauharnois Light, Heat and Power Company.

Mr. WHITE: 30,000 feet.

Mr. GARDINER: For some small quantity of water for their works.

Mr. MORIN: For Lockage purposes.

The CHAIRMAN: There was a discussion by Mr. Cameron about opening the dyke.

Mr. GARDINER: Yes. Can you give any more information about that?

Mr. McLACHLAN: I do not think I quite get what you are talking about.

The CHAIRMAN: An application was made for the Beauharnois company to turn some water down the feeder ditch in order to facilitate the carrying out of dredging operations. That is what I gather from the evidence you gave, Mr. Cameron, to cut across through here, in order to get to the dyke to provide water—

Mr. CAMERON: I do not think that— Has anybody a sketch of the location? You see the intake from Lake St. Francis to Lake St. Louis, the feeder dyke up somewhere over here, and runs in a general southerly direction into the St. Louis river. Well, when the company came along here, and cut in through the bank on both sides, of course, it interfered with the flow of water there. What they did was, they took the mouth and closed that up there, and opened it here, and joined that one (indicating on plan):

The CHAIRMAN: Closed the mouth of the feeder ditch, opened the dyke at about the south boundary of the banks?—A. Yes, and joined that up there with this.

Q. They did that?—A. They did that.

Q. Without any approval?—A. Yes, they applied for approval under the terms of the lease, to bridge the dyke by new control—

By Mr. Gardiner:

Q. Well, I take it they are not only using the water from the old feeder, but also that they are using the dyke south of the canal which is now being built?—A. Yes.

Q. Without permission?—A. Yes.

Q. Therefore, it is not legal?—A. The application before the department has not been approved; it is before the department for approval.

Q. What provision did they make across the dyke for traffic, do you know?—A. They carried across, practically identical with the old one.

Q. There is a bridge there?—A. A bridge.

Mr. MACKENZIE: What about sitting to-night?

The CHAIRMAN: I think we may as well.

Mr. MACKENZIE: I should like to sit to-night.

The CHAIRMAN: We will adjourn now until 2.30 and we shall sit from 2.30 until—

Sir EUGÈNE Fiset: Why not meet at a quarter past three so we shall be able to attend the house until the orders of the day are dispensed with. We want to close the session as speedily as possible.

The CHAIRMAN: Perhaps this is the best way we can close it.

Mr. WHITE: Is it decided we are going to sit to-night?

Mr. JACOBS: We cannot sit to-night. My Sabbath begins at sundown.

Mr. MORIN: We are through now with the engineers, I understand.

Mr. MACKENZIE: Are you not calling the other two, informally?

The CHAIRMAN: Gentlemen, we probably will not sit to-night on account of the representations that have been made. We will adjourn now until 2.30, and I think we shall go through until 6 o'clock.

Committee adjourned at one o'clock, until 2.30.

AFTERNOON SITTING

The Committee met at 2.30 p.m.

LOUIS COTÉ, called and sworn.

By Mr. White:

Q. Mr. Coté, you are an engineer in the Public Works Department?—A. In the Marine Department, sir.

Q. And are you Chief Engineer of that Department?—A. Yes sir.

Q. How long have you been there?—A. With the department?

Q. Yes?—A. Over twenty years or more.

Q. What branch of engineering are you particularly engaged in with respect to your duties in that department?—A. Well, there is quite a variety of work that we have to do.

Q. Have you anything to do with navigation as such?—A. Well, I have to do with the construction of aids to navigation, light houses, and things of that kind.

Q. Have you experience with the St. Lawrence River?—A. Well, I have to some extent; yes.

Q. You were a member of the Committee of Engineers who considered the Beauharnois project?—A. Yes.

Q. And a committee which made a report some time in January was it, 1929?—A. About that time, I guess.

Q. The other members being?—A. Mr. McLachlan, Mr. Cameron—

Q. Mr. Johnston and yourself?—A. Yes.

Q. You being representative of the Marine Department?—A. Yes.

Q. Previous to that had you had any particular knowledge of this project?—A. Not before that, no; I had heard about it, but I had made no study of it.

Q. And as the member of the Marine Department—when you came to study it as a member of that committee, from what angle did you approach it?—A. Well—

Q. How was the Marine Department interested in it?—A. They were very interested in the effect it would have in the St. Lawrence below the rapids, below these works.

Q. Below the Soulanges section?—A. Yes.

Q. You were not particularly interested in it from the standpoint of its effect upon the Soulanges section, except in so far as that effect might further effect the river lower down, Montreal Harbour, and so on?—A. Yes, exactly.

Q. And you concurred in that report; you signed that report that was made?—A. Certainly, yes.

Q. And I suppose you stick by that report?—A. I have made no further study of it since.

Q. Since you signed the report have you been consulted about the project at all?—A. Not at all.

The CHAIRMAN: Has any member of the committee any questions to ask Mr. Coté; or have you, Mr. Montgomery, any questions to ask him?

Mr. MONTGOMERY: No; I don't think so.

The CHAIRMAN: Mr. Hellmuth?

Mr. HELLMUTH: No.

Witness dismissed.

J. T. JOHNSTON, called and sworn.

By Mr. White:

Q. Mr. Johnston, you are the director of water powers and the reclamation service?—A. The Department of Water Powers and Reclamation Service of the Department of the Interior.

Q. And you are the engineer in charge of that work?—A. Yes. Well, of the work of that bureau.

Q. What particular duties have you; what are you concerned with principally?—A. Well, up to the time of the transfer of the resources to the Prairie Provinces, we were responsible for the administration of the water powers of

the Prairie Provinces, and we have certain co-operative agreements with the Eastern Provinces under which we have carried on investigatory work from coast to coast.

Q. How long have you been engaged in this work?—A. Our agreements with the different provinces—

Q. How long have you been engaged in this particular kind of work?—

A. I joined the water power service in 1911.

Q. Have you been concerned with navigation at all?—A. No, sir.

Q. And before you joined this particular service, where were you engaged?

—A. I was on the Trent Canal in an engineering capacity.

By The Chairman:

Q. Is that canal operating now, by the way?—A. Yes, it is operating.

Q. For ships?—A. Launches. It is only nine feet navigation. I was on the staff for about two and a half years before I came to Ottawa. Since then I have had nothing to do with navigation.

By Mr. White:

Q. That is hardly navigation work, is it?—A. No, sir.

Q. It is principally power work?—A. Yes, sir.

Q. And by the way, while we are on that subject, is the power that is developed on the Trent Canal sold to the users by the Department of Railways and Canals here?—A. I believe so; but I believe you should really get that information from Mr. McLachlan. I do not know of my own knowledge.

Q. I thought you would have been concerned with it?—A. In those early days there was not very much power developed.

Q. What was your first acquaintance with the Beauharnois project?—A. Well I made a report to my minister on it in 1912. It was rather out of line with our responsibility at that time, but I was requested to make an investigation into an application which I believe was before the Department of Public Works at that time by Mr. Robert.

By Hon. Mr. Mackenzie:

Q. What department were you with in 1912?—A. The Interior Department. I simply went down as engineer to make a report on this application of Mr. Robert's, which, if I remember correctly, was for 10,000 cubic feet per second diversion.

By Mr. White:

Q. Or 11,000?—A. It may have been 11,000.

Q. I understood it was from 11,000 to 18,000; 11,000 at low water, and 18,000 at high water?—A. It is rather ancient history. I do not remember. At that time I pictured the entire diversion of the river across that route, and I appended to my report a outline of a scheme of development which would place the banks 5,000 feet apart, 20 feet deep, and provide for the development of the entire river and, at the same time, pointed out that it could be adapted for 20 to 30 feet navigation.

Q. The same canal?—A. In the same canal, yes. But I simply did that because that idea struck me, and I appended this in the report in rather complete detail.

Q. That was rather gratuitous on your part?—A. Exactly. And I recommended that the problem was of such magnitude that it would be desirable to have the whole matter investigated by a governmental commission to see whether the thing was practicable or not. And that was the last of it. I dropped out of sight entirely.

By the Chairman:

Q. Mr. Johnston, to anyone going down there and visualizing the locality from St. Louis to St. John it becomes fairly obvious that it is a hand-made power-navigation proposition?—A. Yes.

Q. It is a digging problem?—A. Yes.

Q. Easy of being brought into being?—A. Yes, sir.

Q. And it is in your lap almost if you have enough money to carry on the work?—A. Yes, sir. It struck me that way at the time I saw it first in 1912.

By Hon. Mr. Mackenzie:

Q. Did the route you had in your plan correspond with the present route?—A. The route corresponded exactly.

By Mr. White:

Q. Are you speaking accurately, with precision, or in a general way?—A. In a general way, sir. My idea was to leave the river about the same location and approximately follow that route and put the power house in the same location it is now.

Q. Can you tell us whether the entrance to the canal was in the present location, or north or south of it, and if so, how far?—A. I did not locate it that closely: it was simply a general outline I presented.

Q. An outlet somewhere on Lake St. Francis?—A. Yes.

Hon. Mr. MACKENZIE: Is that 1912 report filed?

Mr. WHITE: No, it is not.

Hon. Mr. MACKENZIE: I would like to see that, personally.

By Mr. White:

Q. Have you a copy of that report?—A. I have, sir.

(Copy of Mr. Johnston's report dated June 21, 1912, filed and marked Exhibit 38.)

The WITNESS: That red line, sir, represents the route of Mr. Robert.

By Mr. White:

Q. There is no red line?—A. I am sorry. On some copies that thing called "centre line of power canal" was in red. That was the proposal I brought to the department, and that was appended.

Mr. WHITE: Shall I read the report, or had Mr. Symmes better look it over and see what it contains?

Hon. Mr. MACKENZIE: I would like to have it available for my personal examination.

By Mr. White:

Q. Have you ever considered, other than in your report as a member of the Joint Committee of Engineers—that is the Departmental committee—this present project?—A. Not until such time as it was brought before the government again by the Beauharnois Company.

Q. You have not heard my question apparently. You made a joint report, didn't you?—A. Yes.

Q. And, of course, naturally before you made that report you gave the subject some consideration?—A. Yes.

Q. And I asked you if that was the only time that you had considered this present project?—A. That was the only time, sir. I knew in a general way that the project was before the department, from newspaper items and so on, and I was invited, through the courtesy of the Minister of Public Works, to collaborate with Mr. Cameron in the examination of the company's application.

Q. My question was: that was the only occasion upon which you studied the present project?—A. That was the only occasion, sir.

Q. And this, therefore, would be the only report on the present project which you made?—A. Yes, sir.

Q. Or concurred in?—A. Yes, sir.

Q. And after making your report, have you been further consulted in the matter?—A. I was present at two meetings held in Mr. McLachlan's office at which the engineers—at the second of which the engineers of the Beauharnois company were present.

Q. And at that meeting were certain features of the project discussed?—A. Yes, sir.

Q. Was the width of the canal discussed?—A. At the second meeting it was. I am certain of that.

Q. And who were present?—A. The representative of the company—I believe Mr. Sweezy—was present, Mr. T. H. Hogg—Dr. Hogg that is, Mr. Cameron, Mr. Coutlee, Mr. McLachlan and myself.

The CHAIRMAN: When did Mr. Henry leave the government service?

Mr. WHITE: I am going to ask Mr. Henry that.

WITNESS: That, sir, was March 19, 1929.

By Mr. White:

Q. The date of that second meeting when the matter was discussed?—A. Yes.

Q. Now, I see I have here something which has been handed to us by the Beauharnois people called "physical facts and financial figures in connection with the Beauharnois project." On page 8, I see this statement under the heading of "technical advice":—

independent and favourable engineering reports have been made in the past on the present project by a number of prominent engineers including the late Sir John Kennedy, Messrs. J. P. Johnston, J. B. Challies, Arthur Surveyor

and so on, and these are your initials. I presume the reference is to you?—A. To that report I have just handed in.

Q. How do you know?—A. Because that is the only report I have made.

Q. That obtained to the present project?—A. Of course, I am not responsible for the way they worded that in that publication. That may have been the only report they had in mind. I think the wording is rather loose.

Q. At any rate, you have not, with the exception of this committee report, made any report on the present project?—A. No, sir.

Q. You did concur, of course, in the committee's report?—A. I did.

Q. Was the matter of the width between the embankments discussed before you made your joint report?—A. I think it came up during the discussions, although I have no clear recollection of it being a major point. My own view had always been more or less favourable to the wide canal because of my early conception, I imagine, and I do not consider that the committee had before it, or had considered the matter of the width of the canal unless it was in relation to its effect upon the present and future navigation of the river. That was the express reference we had before us on the committee, and I could not conceive that a wide canal had any detrimental effect on the navigation features.

Q. So that a 20-foot deep canal, of course, would not have done for 27-foot navigation, would it?—A. Oh, no, it would not. At that time I thought 20-feet was deep water navigation.

Q. But now the objective seems to be 27 feet?—A. As a matter of fact though, in my report I said 20 to 30 foot navigation canal.

Q. And there would be no object, of course, in a combined power and navigation canal for the whole of it to be of that width. 600 foot at the bottom of the prism is quite wide enough, is it not, having regard to the width of navigation between this point and the head of the lakes?—A. I would judge so, although as I have said, I am not a navigation man.

Q. But you know the width of other canals?—A. I know the width we approved of, and in that report I had the concurrence of both Mr. McLachlan and Mr. Cameron.

Q. My suggestion is that 600 feet at the bottom of the prism would be quite sufficient for all navigation purposes at a depth of 27 feet?—A. Yes, sir.

Q. So that any other width and depth you have to do with would be important only in connection with power?—A. Yes, sir.

Q. And for 40,000 cubic second feet a channel 600 feet wide at the bottom with banks with 3 to 1 slopes and flowing $2\frac{1}{4}$ feet a second would be quite sufficient to carry that 40,000 cubic second feet, would it not?—A. It would.

By Hon. Mr. Mackenzie:

Q. Mr. Johnston, I would just like to ask one general question. You made a report in 1912 in regard to the general diversion of the St. Lawrence river?—Yes, sir.

Q. I am asking you now your opinion as an engineer. Considering the St. Lawrence as a great national asset, what is your opinion, not of any methods but of the resulting project as we have it here, are you in favour of it or against it?—A. I think it is a good project.

By the Chairman:

Q. A good project for whom?—A. Well, a good power development project.

Q. But for whom?—A. For the people who have control of it I imagine.

Q. You refer in your report, exhibit 38, to Mr. J. Kennedy and Mr. W. T. Warner. Were they gentlemen who had reported on the matter from the standpoint of the applicants?—A. They had reported to the applicants and I had had access to their reports.

By Mr. Jacobs:

Q. That is Sir John Kennedy, the chief engineer of the Harbour Board of Montreal?—A. I believe so.

By Mr. White:

Q. Then did you recommend one or two canals?—A. One.

Q. Well, was it not divided in some way?—A. No, I did not divide the channel at all.

Q. You speak of the head less the hydraulic grade. What do you mean by that?—A. Well, in Mr. Kennedy's report, if I remember rightly, there was a drop of 3 feet in the canal.

Q. I see. That is, that the water itself in order to create the flow, the required velocity, had to fall 3 feet before it reached the dam?—A. Exactly, sir.

Q. You speak of the granting of the application to the Beauharnois Light Heat & Power Co., and development of the whole river is what you had in mind?—A. Yes, sir.

Q. Then you say:

A short outline of the method to be pursued is as follows:

In place of building the two embankments necessary to the present scheme, at a distance of only 250 feet from toe to toe, they might just

as easily be placed 5,000 feet apart, the flatness of the country at all points along the route permits of this.

The walls could be built from material taken from two canals along the inner edge of each embankment.

That is where I got the idea of two canals?—A. I see.

Q. What does that mean?—A. I simply meant to build the embankments in such a way as to use the material most readily available, simply taking it from the ditch to build the embankments.

The CHAIRMAN: The same as is being done now.

Mr. WHITE: Not quite, because I understand your idea here was to take it from the outside of the embankment as well as the inside?—A. No, I think my idea was to take it from the inside.

Q. What do you mean by:

The walls could be built from material taken from two canals along the inner edge of each embankment.

A. Well, the embankments are 5,000 ft. apart. My idea was to dig two canals or ditches on the inner side for building each embankment and that would supply the power house with power in the meantime, and then that the core that was left in the middle would be taken out accordingly as they wanted more water for power. That was the conception I had.

Q. And altogether when it became necessary to navigate it.—A. Yes, sir.

Q. Then you speak of headgates here, what are they.—A. Well, what I had in mind when I wrote that report was that there would be headgates at the head of the canal.

Q. You mean at the entrance to the canal at Lake St. Francis.—A. Yes, sir.

Q. For what purpose.—A. I considered that it was desirable to have them there for purposes of regulation and control.

Q. Captain Mackenzie wishes to know if this is the same as a guard lock, serving the same purpose.—A. No, I did not conceive a guard lock at all at the time.

Q. What is the difference between a guard lock and headgates.—A. Well, a guard lock will transfer ships from the lake to the canal. I only was looking at it from a power point of view and considered that the headgates would be useful in regulating the flow into the canal.

Q. Well, would not the consumption at the other end control that.—A. Probably it would, but I did not look at it that far ahead at that time. I did not pose as an expert on hydraulics at that time. In fact, I was just two years out of school then.

Q. Do you now?—A. Well, that is questionable.

Q. May we take it then that this is one of your boyish dreams.—A. More or less; but I think it has been more or less confirmed.

Mr. STEWART: What is that.

Mr. WHITE: More or less confirmed. Of course, dreams sometimes do come true.

By Mr. White:

Q. Well, then you speak here on page 7: The question as to protecting the banks from wave and ice action is one to be carefully considered. A concrete slab extending from top to bank to 10 feet below water level may be ultimately necessary. The woven mats used on the

levees of the Mississippi might be used with advantage. In view of the great mass of clay in the banks, the inner slope of the same might with advantage be increased to 4 to 1.

You did not recommend, I see, riprapping the banks.—A. No, sir. I simply presented those two alternatives.

Q. And one was the woven mats and the other concrete.—A. Yes, sir.

Q. Your estimate of the whole utilization of the minimum flow is the production of 1,300,000 horse-power.—A. Yes.

Q. That was the figure.—A. Yes.

Q. That has to be revised.—A. That is revised now.

Q. And now it runs to nearer 2,000,000, does it not.—A. Isn't it 1,400,000 now.

Q. At 85 per cent load factor.—A. It is 1,400,000 or 1,600,000.

The CHAIRMAN: Is that all, Mr. White.

Mr. WHITE: Well, perhaps we may have to recall Mr. Johnston.

Mr. FORSYTHE: Might I ask, Mr. Chairman, at this time, not having had the advantage—I am in the same position as Mr. White—of perusing Mr. Johnston's report, it might be necessary to call him again.

By Mr. Forsythe:

Q. Mr. Johnston, with reference to the conference which you referred to as having taken place between yourself and some others at Mr. McLachlan's office, was that conference on 24th March, 1929.—A. The 19th March, is the date I think.

Q. Yes, 19th March. Now you mentioned the fact that Mr. Cameron was at that conference. It is not of vital importance but in the interests of accuracy I am instructed that Mr. Cameron—

Mr. WHITE: Now, please. My learned friend, of course, is quite well aware that he is not permitted to put on the notes what his instructions are.

Mr. FORSYTHE: I am not well aware of any such thing, but if my learned friend is now teaching me I am willing to learn.

Mr. WHITE: Well then, there is hope.

Mr. FORSYTHE: There is some hope, Mr. White. Mr. Chairman, I propose to ask the witness this question. If it is not admissible then you can rule against me. I am instructed that Mr. Cameron on the 19th of March, 1929, was in Florida—

Mr. WHITE: No, no, because it does go down in the notes. That is the difficulty. You see, it is an indirect way of getting in evidence.

Mr. FORSYTHE: You see, Mr. Cameron stated himself and it is on the record, that he was not at that conference.

Mr. WHITE: That is another proposition.

The CHAIRMAN: The chances are there was a conference, whether it was on that date or any other date.

The WITNESS: I may be wrong on the date.

Mr. FORSYTHE: I notice in the files of the Department, Exhibit 17, 804-1D, at page 262, a memorandum signed by Mr. Coutlee dated the 20th March, 1929, in which it is stated:

On the 19th March, 1929, Messrs. Griffiths, Sweezy & Hogg, representing the Beauharnois Light Heat & Power Co., met Messrs. D. W. McLachlan, Railways & Canals, J. T. Johnston, Water Power Branch and C. R. Cote, Public Works, at Mr. McLachlan's office, West Block.

The WITNESS: I may be wrong. My recollection was Mr. Cameron was there. That was the same meeting I think.

By Mr. Forsythe:

Q. Now then, at that conference, Mr. Johnston, there was some discussion I believe of the width of the canal?—A. Yes, sir.

Q. The distance between banks?—A. Yes.

Q. Now, may I ask whether there were objections raised by Mr. McLachlan to the greater width at that time, to the width proposed at that time?—A. Yes there were.

Q. And were the objections founded upon ice conditions?—A. He brought up the question of the possibility of ice jamming with the wide embankments.

Q. Yes, and did he suggest an alternative method of constructing this canal of dividing it, by taking the greater width and allowing longitudinal barriers to exist?—A. He did.

Q. Between three canals we will say?—A. He did.

Q. And was there any other suggestion advanced at that time about that?—A. I do not recollect of any suggestion being advanced or discussed. That point was argued at considerable length by Mr. McLachlan and by the Engineers of the Company.

By the Chairman:

Q. Did they take issue with Mr. McLachlan?—A. Yes, they did.

Q. Did anyone else who was present take issue with Mr. McLachlan?—

A. I don't know that they did on that matter of the three parallel canals. It was really an engineering discussion as to whether or not ice would telescope in the single canal.

The CHAIRMAN: Who were present at that meeting.

Mr. FORSYTHE: Messrs. Griffiths, Swezey & Hogg representing the Beauharnois Light Heat & Power Co., and Mr. McLachlan, Mr. Johnston and Mr. Coutlee.

By the Chairman:

Q. At any rate, the views of the Beauharnois engineers prevailed?—A. I would say it was left, neither side being convinced the other was right.

Q. Ultimately they prevailed?—A. At least, no plans were ever filed afterwards embodying the three.

Q. In the light of the present project they must have prevailed?—A. Yes, they must have prevailed.

Mr. JACOBS: Truth is always mighty and will prevail.

Mr. FORSYTHE: Now, I wonder if I might have, Mr. White, the preliminary report of Mr. McLachlan that was filed this morning as exhibit 37.

By Mr. Forsythe:

Q. Mr. Johnston, on the question of the width of the parallel banks, is that not a pure question of power economics?—A. Yes, I would say it was.

Mr. WHITE: I am afraid you will have to explain to us what power economics are.

Mr. FORSYTHE: You will get lots of explanations, Mr. White.

The CHAIRMAN: It is rather obscure to me when you say that the width of the banks—

Mr. FORSYTHE: I beg your pardon, sir, the parallel banks.

Mr. WHITE: I must confess that I do not understand what my learned friend is asking about. Does he mean the width of the parallel banks or the width of the bank itself.

Mr. FORSYTHE: I do not mean the width of anything, but as to whether those parallel banks dividing the wide canal into three canals should be there.

The suggestion was advanced by Mr. McLachlan at this conference that instead of having a wide reach between the embankments there might be, so to speak, three canals—the north bank then a longitudinal barrier, then another canal and then another longitudinal barrier, then another canal and then the south embankment.

The WITNESS: That is not what I understood when you asked the question. Will you repeat the question, please?

By Mr. Forsythe:

Q. The question which I asked was whether the existence of those parallel banks, or the proposition to install those parallel banks was not a question of power economics purely?—A. Well, it was evident that every additional embankment of that sort would cost additional money, and if they could be avoided it was economically desirable that they should be avoided.

Q. Exactly. And the question of the ice problem, as it was raised at that conference, was not a question of interference with the opening or closing of navigation but a question of power difficulties which might arise from the buckling or telescoping of that ice.—A. As it was discussed at that time, yes.

Q. Now, I suppose since you have prepared your report of 1912 you have had some considerable experience in the supervision of construction of power projects, Mr. Johnston?—A. Oh, yes, quite a lot.

Q. In the first place, I would like to ask your opinion, Mr. Johnston, on the present construction of the canal. The evidence has been given that the north embankment of this canal has to be lined or protected with riprap. In your opinion, is that lining a sufficient protection?—A. I have not seen the plans showing the extent of the riprap, or anything of that sort; but undoubtedly riprap could be made efficient.

Q. Now, I note this expression in exhibit 37, the preliminary report of Mr. McLachlan, or the draft report of Mr. McLachlan:

If a power canal is to be built with the idea that it will later be used for navigation, as well as power, it must have low velocities. If it has low velocities, no protection lining would be required to stop scour and an ice cover will form in winter.

Do you agree with that Mr. Johnston?—A. That is correct.

Q. Now, are you familiar, Mr. Johnston, with what is actually being done in the way of construction on the Beauharnois project at the present time?—A. Not directly. I have had no responsibility for it, but I have gone down once or twice out of curiosity.

Q. Now, I note this expression also at page 12 of the report, but before I ask the question I want to preface it by stating that I understand from what I saw at Beauharnois, and what has been said here, that the embankment on the north side is being constructed by building two dykes, so to speak, one which is at the edge of the canal and another north of that, and that in between a hydraulic fill is being made. And I note in this preliminary report of Mr. McLachlan's this sentence:

The disposal of excavated material should be arranged so it will strengthen embankments throughout the length of the canal. In this way, the necessity for a guardlock at the foot of Lake St. Francis will be avoided.

Now, having in mind, Mr. Johnston, what you have seen yourself, and the very brief and perhaps crude description that I have given you of my conception of the methods being followed, in the first place, the handling of the excavated material, as it is now being done, will that strengthen the embankment?—A. It will.

Q. And do you agree that the excavated material being used in that way, will, as Mr. Johnston suggests, avoid the necessity for a guard lock at the foot of Lake St. Francis?—A. I see no necessity for a guard lock at the outlet at Lake St. Francis if the embankments are built substantially as they are being built.

By the Chairman:

Q. Mr. Johnston, the plans seem to contemplate that the north embankment will be better protected than the south. Does that make any difference?—A. Of course, I have not seen those detailed plans, sir.

The CHAIRMAN: Am I correct in that, Mr. Forsythe. There is no riprap shown on the south embankment.

Mr. MONTGOMERY: That is being riprapped now on the south embankment.

Mr. Forsythe: Mr. Henry says the south embankment is now being riprapped.

The WITNESS: There would be a certain wave action on the south embankment.

By Mr. Forsythe:

Q. Now in your department, Mr. Johnston, applications are made over which you have general oversight for leases and water powers under the control of the Dominion.—A. In Western Canada. We had up to the time of the transfer of the resources.

Q. Now, to be as brief about it as possible, I understand that under the regulations made by your department under the Dominion Waterpowers Act, you provide first that an application shall be made with plans showing the general layout.—A. General layout plans; we call them.

Q. Now, those plans I take it show the site of the proposed works, and the general outline and the way in which the development is proposed to be proceeded with.—A. Yes, sir. They show the locks and the dams, the power house, sluiceways, the elevations of the embankments and all general data of that sort to enable us sufficiently to understand what is contemplated.

Q. Then if such an application receives the approval of your department you issue a permit, I believe, or a licence.—A. Not necessarily. As soon as we are satisfied that the development is sound and in the general interest, and also that it will provide for the full development of the site, then if the Minister agrees we are prepared to enter into an agreement for development and we issue an interim licence.

Q. Now, then, from that stages on what is the practice in your department with reference to the filing and approval of detailed plans and the supervision and construction of the work.—A. The interim licence fixes a date for the filing of general construction plans as we call them. Those plans are intended to set out in detail the construction of the various structures. The licence provides a certain time within which those plans must be filed. It also provides that having been filed if they are not approved by the Department within six months they are to be considered approved.

Q. That is, if there is no active approval.—A. Exactly. That is providing a break in both directions. Meantime the work is commenced. We place an inspecting engineer on the ground who reports to us weekly to us in Ottawa. He is given authority to collaborate with the engineers of the company to develop the detail plans and to permit of initial construction work being started. We always also assure ourselves as to the engineering advice that is behind the company so that we are sure that that is satisfactory to the Department. Then with that background we have always been accustomed to authorize the licensee to proceed with his construction work as rapidly as he can get his plant on the ground, and very often postpone the filing of detailed plans of cer-

tain parts of the work until the work was well advanced. Our objective is simply this, that if we waited until the detailed plans were filed we would hold up the construction work usually a year. It is always possible to start certain parts of the work promptly, and our objective was to co-operate with them to get the plant built as rapidly as possible.

Q. And have you found, Mr. Johnston, in your experience in the Department that the absence of detailed plans, when you had your man on the job supervising the work, your resident engineer in charge of the work, ever caused prejudice to the project.

The CHAIRMAN: Well, that is a long long shot.

Mr. FORSYTHE: I am not asking this witness to interpret the words of Condition 11 of the order in council but, Mr. Chairman, you will appreciate that it is very difficult for Counsel representing a special interest before a committee of this kind—we have no pleadings—to know what counsel is aiming at, and if it is suggested—as has been suggested—that the absence of approval of these plans,—as a matter of consequence it seems to me that it is competent for counsel representing the Beauharnois Light Heat & Power Co., to show that no prejudice has resulted, or would result from this course, and that a similar course—

The CHAIRMAN: By the Department being prejudiced in the past on other similar projects.

Mr. FORSYTHE: I thing, Mr. Chairman, that that is a proper statement of what I have said, with deference to yourself. What I thought I had made clear was this, that where the department has a resident engineer on the work, in close touch with it, supervising it, that the absence of plans in the experience of Mr. Johnston, who has had a number of large works under his control, has not caused prejudice to that department.

Mr. JACOBS: You want to show that it is the practice.

Mr. FORSYTHE: Exactly.

Hon. Mr. MACKENZIE: I think the general practice of the department might be of value to this committee.

Mr. WHITE: If this were the department that is in question, that might have some force.

Mr. FORSYTHE: It is a department, at any rate, that has had to do with projects—I do not know whether they are as large as this one—

Mr. WHITE: I would not think so.

Mr. STEWART: I do not suppose he has ever had to do with navigation in any of those projects.

The WITNESS: Except this, that large projects on our navigable rivers had to receive the approval of the Department of Public Works.

By Mr. Stewart:

Q. You have no project in the province of Alberta that has any relation at all to navigation?—A. No.

Q. But you have power projects there?—A. Yes, on the Bow River.

By Mr. Forsythe:

Q. And what about the other provinces, Mr. Johnston? Have you got power projects in the other provinces that are on navigable streams?—A. The Winnipeg River is a navigable stream, and on that river all the projects had to receive the approval of the Department of Public Works.

By the Chairman:

Q. Is that what is known as the Seven Sisters?—A. The Seven Sisters was on the Winnipeg River.

Q. Is the same practice being followed here that was followed in the Seven Sisters development?—A. You mean here at Beauharnois?

Q. Yes.—A. Well, not identical, sir, because our regulations are not the same exactly as the provisions that are embodied in that Order in Council under which the Beauharnois project is proceeding. I was simply describing our own regulations.

By Mr. Forsythe:

Q. The general practice under your regulations?—A. Yes.

Q. Now, from the evidence of Mr. McLachlan, I understand that it was in his mind that the committee of engineers had the intention of imposing a condition that the width between the embankments should be narrowed. Was that your opinion of it, Mr. Johnston?—A. I do not think that he could credit me with that opinion, because I at no time passed the idea to him, in fact, I have always been more or less favourably disposed to the greater width.

Q. Upon the ground that it was a more economical way, developing the whole flow of the river?—A. I thought so.

Q. And when you recommended in that early report, Exhibit 38, you did not recommend three canals with those longitudinal barriers?—A. Oh, no. We recommended that the 40,000 second feet would not detrimentally affect navigation.

Q. Now, Mr. Johnston, have you yourself ever entered into any calculations as to the effect on the opening and closing of navigation with the exposed area of water?—A. No, sir.

Q. You have made no such calculations?—A. No, sir.

Q. Have you ever had occasion to enter into a discussion of that feature of Mr. McLachlan's opinions?—A. I have not.

Q. Have you an opinion on that subject yourself, Mr. Johnston? Have you formed an opinion?

Mr. WHITE: How can he have an opinion if he has never made the calculations?

Mr. FORSYTHE: I think a person can have an opinion—

Mr. JACOBS: I have an opinion and I have never calculated it. I do not think we need concern ourselves very much about that feature of the case, that is, talking for myself.

Mr. FORSYTHE: If I knew that was the view of the whole bench.

Hon. Mr. MACKENZIE: You never know the view of the bench.

The WITNESS: I have made no calculations myself, but I was not convinced by Mr. McLachlan's calculations. That is all I can say.

By the Chairman:

Q. But you agree with Mr. Cameron pretty well?—A. Yes, sir.

Q. And Mr. Cote, I presume, agreed with you?—A. I would not want to speak for Mr. Cote, sir.

Q. He was there present?—A. I do not think that came up till after the report was signed.

Q. Well, Mr. McLachlan seems to have been the one in disagreement generally with the others?—A. That is right.

Q. And you agreed with Mr. Cameron?—A. Yes, sir.

Q. And Cote agreed with you?—A. He probably agreed with Mr. Cameron, too. I did not put it that way in my own mind at all.

By Mr. Forsythe:

Q. There was one point, Mr. Johnston, when you all seemed to be agreed and that was when you signed the report?—A. I think the report is quite explicit and says exactly what we intended it to say.

Mr. JACOBS: Mr. McLachlan says here that he still agrees with that report.

By Mr. Forsythe:

Q. Mr. Johnston, I do not know whether I asked this or not, but I noticed from that memorandum dated March 20, 1909, that this question of parallel banks dividing the canal into three channels was discussed, and you told the committee that Mr. McLachlan had one view and the engineers of the Beauharnois company had another view. Will you tell us whether you had a view and if so what it was?—A. I did not feel that the central banks were necessary.

Q. That is all I have to ask, Mr. Johnston.

Mr. FORSYTHE: I would ask leave, Mr. Chairman, if anything develops in this report, which I have not read, to call Mr. Johnston again.

By Mr. White:

Q. The central banks, however, would have had a tendency to prevent telescoping of the ice, would they not?—A. I did not quite catch the question.

Q. The central banks would have had a tendency to prevent the telescoping of the ice?—A. They would have had a tendency, yes.

Q. And in regard to them, your original idea of the making of the banks was to take the material that was dug and put it upon the banks?—A. Yes, sir.

Q. If it had not been put upon the banks it would have had to be wasted somewhere else?—A. Yes, sir.

Q. Now, I suggest to you that the three canals on that principle might have been dug as cheaply as one?—A. Except that you would have had to get a little more land. You would have had to widen out.

Q. The additional expense, if any, would have been comparatively trifling?—A. I would not want to say trifling.

Q. It would have amounted to quite a figure, I think. In disposing of the material, do you say that it is not much cheaper right at the exact location, than disposing of it four or five thousand feet away?—A. Well, in disposing of it from the central core with the equipment which the company has on the ground I think you will find it much cheaper.

Q. Well, but there is other equipment for doing that. You can use a dragline just as well as you can anything else?—A. I was thinking particularly of that hydraulic dredge.

Q. Let us get away from the dragline first. The dragline operation would have been just as cheap for the three as for one, would it not?—A. A dragline operation, yes.

Q. And if you had done it that way the hydraulic dredge would not have been necessary at all?—A. I have not gone into the detailed engineering end of it to be able to reply to that but I imagine—

Q. All right, we will take your answer. That hydraulic dredge is a mighty expensive piece of machinery, is it not?—A. It is doing very very cheap work.

Q. I was not asking you that. I suggest to you that it would be proper, as an officer of your department, to answer the questions which I ask. I am asking you if the hydraulic dredge is not a very expensive piece of machinery?—A. It is.

Q. And the cost of the hydraulic dredge alone would move a lot of material by means of a dragline, would it not?—A. It would.

Q. Now, do you consider a velocity of $2\frac{1}{4}$ feet per second a low velocity in a navigation canal?—A. I have simply accepted the opinion of the navigation officers with respect to that.

Q. You see again that is not at all what I was asking you. I was asking you if you considered a velocity of $2\frac{1}{4}$ feet per second a low velocity in a navigation canal?—A. I do.

Q. You do. I suggest to you that it is higher than any velocity on any canal on the inland waterways of Canada from Lake Superior to the Soulanges section of the St. Lawrence river.—A. I do not know, sir.

Q. Then do you think your opinion ought to be considered?—A. Well, sir, that is exactly what I was trying to say, that I am not a navigation man.

Q. Because it seemed that you, in answer to Mr. Forsythe, were quite willing to say that as a matter of power economics, the one canal was preferable to two in a low velocity canal, and I suggest to you that this is not a low velocity canal if it is to be used for navigation purposes. What do you say about that?

Mr. FORSYTHE: I do not want to interfere with my learned friend's examination of the witness, but I certainly never suggested the low velocity of the canal as having anything to do with the two and a quarter second feet.

Mr. WHITE: I am not suggesting that now, if my learned friend would have listened carefully to what I said. What I am asking the witness is if he did not say to my learned friend that he considered that the free canal idea was not necessary in a low velocity canal.

Mr. FORSYTHE: No, it never was mentioned. The only question of low velocity that I raised with the witness came from Exhibit 37, Mr. McLachlan's preliminary report.

Mr. WHITE: I did not think so.

Mr. FORSYTHE: Well, I know it.

Hon. Mr. MACKENZIE: The record speaks for itself.

By Mr. White:

Q. I suggest to you that you did say to my learned friend that you did not consider Mr. McLachlan's recommendation necessary in a low velocity canal—I have taken down your exact words, and I am asking you again why you cannot tell me whether you consider this a low velocity canal when you told my learned friend or implied that you did consider it a low velocity canal?—A. I do not recollect that I was referring to velocity at all, when I made the answer before, sir.

Q. Unfortunately, we cannot turn it up for the moment and we will just have to leave it there. Then do you know, as a matter of fact, that the velocity in this canal is much greater than in the Welland?—A. Not as a matter of fact, sir. I know nothing of the Welland.

Q. You do not know anything of that. Then do you know what the velocity of the channel in the St. Clair river is?—A. No, sir, not of my own knowledge.

Q. Or in the Sault canal?—A. No, sir.

Q. So we may take it then that so far as the velocity is concerned you are not pretending to speak at all?—A. No, sir.

The CHAIRMAN: Where is the Cedars Rapids development, on that plan, Mr. Griffiths?

(Development pointed out on the large plan).

The CHAIRMAN: What is the expenditure in that?

Mr. FORSYTHE: On the plan I think it shows something over \$30,000,000.

Hon. Mr. MACKENZIE: How much horse-power?

Mr. WHITE: Some 200,000.

The CHAIRMAN: Then, Mr. Forsythe, you may answer my question if you care to do so. If the Beauharnois ultimately achieved what appears to be their objective on the river, that will close out the Cedars Rapids plant.

Mr. FORSYTHE: If they take the whole flow.

Mr. MONTGOMERY: The application, if you look at it, Mr. Chairman, was for the flow less what was required for the other development.

Mr. FORSYTHE: If they take the whole of the flow, of course the Cedars Rapids would not work; but if you take a plant with the existing flow that they have—

The CHAIRMAN: The question I am asking Mr. Forsythe is; in rapidly surveying the arguments of yourself and Mr. Montgomery before the committee, I see you are bearing very heavily on the ice trouble if this goes through.

Mr. FORSYTHE: I was, sir.

The CHAIRMAN: I was wondering whether you were doing that from a purely lawyer's standpoint. Would you like me to read it?

Mr. FORSYTHE: I was reading it over the other day, and I was quite well pleased with it.

The CHAIRMAN: I recognize your ability.

Mr. FORSYTHE: It is not a question of ability but a question of hide, I think. At that time the ice problem in the Cedars Rapids had been a very serious one, and I still think it was.

Mr. WHITE: Was it ice or frazile, or anchor ice?

Mr. FORSYTHE: It was frazile ice, sir.

Mr. WHITE: That is anchor ice.

Mr. FORSYTHE: The point was that if they diverted the water from the river, the Cedars Rapids people would have more ice there.

The CHAIRMAN: I have just been reading your argument.

Mr. FORSYTHE: I think, Mr. Chairman, that in the committee of departmental engineers they agreed that the ice difficulties would be increased in the Cedars Rapids by reason of the diversion which they were recommending, but they said that that was a matter for the Province of Quebec to deal with, because the rights were largely derived from the Province of Quebec. I think that is in the report.

Mr. WHITE: Mr. Chairman, if that is the question in your mind as to the diverting of the whole of the St. Lawrence River less the present power requirements in the Soulanges Canal, it may be a matter of great difficulty to say how much can be extracted from the river, or diverted, without injuring those plants; because, having regard to the variableness of our seasons and the differences between the volume of water in high water or at low water, or at different seasons of the year, it may be very difficult to say that enough water will be left to go down to run that Cedars Rapids plant. That is going to be some task for some engineer.

The CHAIRMAN: I do not want to prejudge any matter which may come before us, but it does seem to me that there has been a degree of reluctance in acknowledging that the banks of this canal were placed where they are placed with the intention that ultimately the flow of the river will be taken, or all that could be taken; and this idea of suggesting other reasons why the banks were so far apart does not impress me at all.

Mr. WHITE: That is all from Mr. Johnston.

Witness retires.

Mr. WHITE: I have received a request from my learned friends as to whether or not I was going to call Mr. Coutlee. So far as I am concerned, I have nothing to ask Mr. Coutlee. If the committee think that they would like to hear what he has to say, I shall be very glad to put him in the box, and my learned friends, if you think they should ask him anything, or if they think they should ask him anything, I shall be glad.

Hon. Mr. MACKENZIE: I should like some information as to the entrance of the canal.

Mr. WHITE: I do not know whether Mr. Coutlee could speak to that or not. If my learned friends desire to ask him anything, he is heré.

Mr. STEWART: What is his qualification?

Mr. WHITE: Mr. Coutlee is one of the oldest engineers, I understand, in the employ of the Public Works Department, and I understand he has given special attention to the subject of hydraulics.

Mr. MONTGOMERY: And he is one mentioned in this report.

Mr. WHITE: There are a lot of memoranda in the documents signed by Mr. Coutlee, and to some extent at least he has been relied upon.

The CHAIRMAN: The committee thinks that unless he has some knowledge or special information that he can give the committee, they do not wish to call him.

Mr. FORSYTHE: In the first place, on going through the departmental file I notice Mr. Coutlee was present at many of the conferences, and many of the memoranda were signed by him; and Mr. Cameron the other day referred matters to Mr. Coutlee and said that Mr. Coutlee was better able to discuss it.

C. R. COUTLEE sworn, examined by Mr. White.

Q. Mr. Coutlee, you are an engineer in the Department of Public Works?

A. Yes, sir.

Q. And you have been engaged with that Department for how many years?

—A. Twenty-seven years.

Q. Previously to that, where were you employed?—A. With the Railways and Canals Department.

Q. I think you will have to speak a little more loudly, because the members of the committee desire to hear you.—A. Previous to that I was with the Railways and Canals Department, and with the Canadian Pacific Railway.

Q. How long were you with the Department of Railways and Canals?—A. About twelve years.

Q. So that your experience as a Government engineer runs over a period of thirty-nine years, twelve and twenty-seven?—A. Yes, somewhere like that.

Q. And before that you were with the Canadian Pacific Railway Company?—A. Yes.

Q. Now, have you given special attention to navigable rivers?—A. Yes, sir.

Q. And studied currents and the effect of them upon navigation?—A. Yes, sir

Q. You are familiar, of course, with the Beauharnois project?—A. Yes, sir.

Q. And know the place in which the present canal is being dug?—A. Yes, sir.

Q. Will you look at the first plan in Exhibit 18, which indicates a prolongation of the 600 foot channel into Lake St. Francis, for a distance of something over 2,000 feet,—2,200 feet, probably. Having regard to that, would you tell us, in the first place, at the point 2,000 feet out from the shore where the entrance from Lake St. Francis into the canal is to be located, whether to your knowledge there is any current there?—A. No, sir.

Q. Do you mean you cannot tell us?—A. I do not think there is any current there.

Q. No current?—A. I could not say no current. I cannot say no current, but the current is very slight.

Q. What would you call a slight current?—A. Half a mile an hour.

Q. Would the current be greater nearer the shore?—A. No, sir, I do not think so.

Q. How far is that from the head of the rapids, that is, where the current starts?—A. Oh, two or three miles.

Q. And you said the current would be about half a mile an hour?—A. Yes.

Q. About how many feet would that be a second?—A. It would be 0·7 feet a second.

Q. Seven-tenths of a foot a second, I see. So that the current which is contemplated for this canal, of 2·25 feet a second, is in your view greater than the cross-current at the point where the Lake St. Francis enters the canal?—A. Yes, sir.

Q. At what point would that current into the canal develop, seeing that the channel is 27 feet deep and 600 feet in width for a distance of 2,200 feet from the Hungry Bay Dyke,—you know where that is?—A. Yes.

Q. At what point would the 2·25 feet velocity develop?—A. Oh, I suppose it would develop between the first mile out from shore—

Q. If you are only going out 2,200 feet, you have not got the water confined in any channel?—A. The mile would be out beyond there.

Q. A mile would be 5,280 feet, and that would be 3,000 feet beyond the end of the channel, that is the extended channel, if you know what I mean?—A. Yes, I understand.

Q. I want to know at what point the 2·25 feet per second velocity would develop, that is coming down from Lake St. Francis towards the entrance of this canal. When would a boat strike a velocity of 2·25 per second?—A. Well, you would have to know—if a breakwater was built to enter the canal—

Q. Say no breakwater was built but simply a channel were dug to a depth of 27 feet?—A. I do not know, but within the first mile. I would say within the first mile you would begin to feel the current; but there necessarily would be some sort of a breakwater built out there.

Q. I cannot understand how you could get a current of 2·25 feet velocity per second, when it only has that velocity when it enters the canal?—A. It would be very difficult to answer those questions, you see, before you have the full thing arranged for. The 2·25 feet velocity—

Q. May I put it this way, that it depends a great deal upon what work is done West of the dyke?—A. Yes, sir.

Q. And that has not been determined as yet?—A. That has not been determined.

Q. So that as to whether there might or might not be a cross-current there, will depend to a large extent upon what works are put there?—A. Upon what works are there.

Cross-examined by Mr. Forsythe

Q. Mr. Coutlee, in connection with the question of currents at the intake of the proposed canal, if you will look at this picture you will see certain works in red. Those are proposed control works at the head of the Coteau Rapids. Would the position of those control works, if they are placed there, in your opinion affect the so-called cross-current?—A. Well, I suppose they would affect it to a certain extent. It would be rather difficult to say. They would affect it to some extent; but the current would be small in any event.

Q. And there is no doubt about this, that 40,000 second feet, or 53,000 second feet passing down the proposed canal must create, as my learned friend, Mr. White, has suggested, a current itself?—A. Yes, sir.

Q. And the effect of that current must, I assume—because water must be drawn from somewhere—be felt for some distance out in the lake.—A. Yes, sir.

Q. Now, in your opinion, would the cross-current such as there is tending towards the head of the Coteau Rapids constitute a danger to navigation entering this proposed canal?—A. That is with a breakwater?

Q. With such works?—A. Such arrangements as naturally would be built, no sir, I do not consider it.

The CHAIRMAN: That is not very complete.

Mr. FORSYTHE: No, I agree that it is not.

By Mr. Forsythe:

Q. Mr. Coutlee, are you familiar with the actual conditions existing in other canals?—A. Yes, sir.

Q. Take the St. Clair River, for instance, and what is the situation there?—A. Well, at Fort Gratiot, it is so big that I hate to tell you.

Q. Try to shock me?—A. At the entry to the St. Clair River at Fort Gratiot Michigan, the current is about six miles an hour,—five miles an hour, say.

Mr. WHITE: There is no question of any cross-current there.

The WITNESS: And down a little further, opposite Port Huron, it is four miles an hour.

By Mr. Forsythe:

Q. Is there any question of cross-currents there?—A. To a certain extent, the rip sets diagonally across the channel there.

The CHAIRMAN: What is this evidence leading to, Mr. Forsythe?

Mr. FORSYTHE: I understood from Mr. McLachlan's evidence the other day that he thought or he expressed the opinion that vessels entering this canal, by reason of the fact that the entrance had been swung farther north, would be seriously affected by the trend of the cross-current towards Coteau Rapids.

Mr. WHITE: Mr. Coutlee has covered the whole situation when he says that if there are proper breakwaters put out there it will not be dangerous whether there are currents or not.

Mr. FORSYTHE: That may be so.

Mr. WHITE: It seems to me that my learned friends are asking for more remedial works.

By Mr. Forsythe:

Q. What I am endeavouring to ascertain is having regard to cross-currents which you know to exist and the current which will undoubtedly develop through the development of the canal and the use of water through the canal, whether you think the entrance as it now exists is a safe and proper one from the lake?—A. Yes, sir.

By the Chairman:

Q. Without any remedial works in the lake?—A. Oh, I would have remedial works in the lake; but they have not been gone into as yet. It nearly always requires a breakwater of some kind or sort.

Q. And the kind and character of remedial works, I take it from what you say, will only be determined as the work progresses and experience teaches you?—A. Yes, sir.

By Mr. Gardiner:

Q. Have you any idea of the current directly opposite the opening into the canal at the present time?—A. In Lake St. Francis, about half a mile an hour.

Q. Has it ever been measured?—A. I could not say, sir, if it has been actually measured.

Q. You are not absolutely sure as to the absolute velocity at the present time?—A. No, sir, I am not absolutely sure.

By the Chairman:

Q. Perhaps you can tell me this, Mr. Coutlee. To draw 40,000 or 53,000 cubic second feet off Lake St. Francis at the velocity that has been suggested, how wide would the canal through the dyke have to be? Leaving navigation out of it entirely, how wide would the canal have to be?—A. Twenty-seven feet deep.

Sir EUGENE Fiset: They all use the same formula.

The WITNESS: It would have to be about 1,000 feet wide, sir. Dividing by 2.25 would give you about 26,000 square feet required.

By the Chairman:

Q. How wide are the sluiceways at the St. Louis end?—A. I cannot give you the exact width, sir, but they are working at a much greater head. This is coming in at 2.25 feet second. Going at 2.25 feet a second, we would have to have something like about 1,000 feet. Could I put it down in the notes in this way, sir, that 53,000 divided by 2.25, and that divided by 27 would give you the size of the stream.

The CHAIRMAN: It would if I worked that out.

The WITNESS: About 1,000 feet, sir.

By Mr. White:

Q. Do you mean 1,000 feet at the water line?—A. 1,000 square feet.

By the Chairman:

Q. I wanted the width?—A. The square feet would be 27,000 square feet, which would be 1,000 wide by 27 feet deep.

Q. To take 53,000 cubic feet per second throughout?—A. Yes, sir, at that velocity, approximately.

Q. And is that the opening which would have to be made in the dyke?—A. About that size, sir.

Hon. Mr. MACKENZIE: I make it 880 feet.

By Mr. Forsythe:

Q. Might I ask, Mr. Coutlee, one question about the entrance to the canal? Did you make any investigation or have any made in regard to the entrance to the canal which was originally projected on the plans filed and the entrance now shown on the plan on which work is now being done? Did you make any investigation in reference to the work being done, as to the access from outside?—A. Taking the current?

Q. Yes.—A. Yes, I placed that on the chart to see if it would land out properly into the regular navigation route.

Q. Now, as between the entrance to the canal as it now is and the entrance farther south, which the original plan contemplated, is there any difference in the lake depth of water at low water?—A. Not very much. It is a little better the way it is than it was in the former position.

Q. Mr. Coutlee, have you been down to these works since the work started?—A. Yes, sir, several times.

Q. For what purpose?—A. Inspecting for the Department.

By the Chairman:

Q. You are not concerned with the ice conditions which may result from this wide stretch of water?—A. No, sir, I leave that to the Province of Quebec, which has the water-power.

Mr. WHITE: And you have to leave it to the Montreal Harbour, too.

By the Chairman:

Q. The Cedars Rapids people were concerned about the ice there?—A. They have been fighting it for thirty years.

Q. They are concerned with this condition.

By Mr. White:

Q. Is it ice or frazile?—A. The trouble is that the thin ice occasionally takes—

The CHAIRMAN: They are all on thin ice now.

The WITNESS: Thin ice occasionally takes and the next day a wind storm comes up and the ice is broken up and it gradually drifts down with the current. That has happened on Aylmer Lake above Ottawa, and that thin ice coming down will choke the wheels.

By Mr. White:

Q. That is not properly called frazile?—A. No, frazile is slush ice, but this is thin ice about the thickness of window panes, and they come down and turn sideways and they choke the racks.

Q. The trash racks?—A. The trash racks.

By Sir Eugene Fiset:

Q. Frazile is slush ice?—A. Yes, sir.

The CHAIRMAN: There is no slush about this, surely.

By Mr. White:

Q. Wherever you get rapids above a plant, you are likely to get frazile?—A. Yes, sir, it makes it just like chopped straw coming down.

By Mr. Montgomery:

Q. The trouble about the Cedars Rapid is that they have the rapids above it?—A. Yes.

Q. And frazile forms and comes down?—A. Yes.

Mr. WHITE: He speaks also of the other.

By Mr. Montgomery:

Q. I do not know whether you are familiar with the Cedars plant. It was thought that frazile ice which formed there, the water being diverted to this new channel, there would be a smaller quantity to take care of, of the frazile ice, and they would get more of it according to their water?—A. That there was not so much dilutive.

Mr. MONTGOMERY: It might be as well to clear up that Cedars Rapid situation.

Mr. FORSYTHE: I have exchanged some jocular remarks with the Chairman. I have appeared before the committee opposing this application, and I put forward the grounds which, as counsel for the company, I was instructed to put forward; and I believe in them to the extent that any lawyer believes in the case which he is making for his client. The tribunal before whom I was appearing found against me. Subsequently the people for whom I was acting have formed an alliance or have made an agreement with the people who are making this application, and they are co-operating in order to get the best power results from this river; and Mr. Montgomery has asked me to assist him in the case here.

The CHAIRMAN: I am not saying that you have not at all times adopted the attitude which you should have taken for your client. Mr. Montgomery

did also. I think at one time he urged the opposite with a great deal of vigour and skill. But it is difficult sometimes for newcomers, such as the members of the committee are, to read those arguments then advanced and hear the arguments which are advanced today and reconcile the two positions.

Mr. FORSYTHE: That is the reason why I thought I should make the statement, so as to relieve myself. And secondly, I believe the terms of reference do not necessarily involve the question of whether there is more or less ice forming at Cedars Rapid because of this.

Mr. COUTLEE: Shall I tell you something about ice?

The CHAIRMAN: Oh, no.

By Mr. Stewart:

Q. About how far would the company have to dredge out into Lake St. Francis to get the 27 foot depth?—A. About half a mile, sir.

Q. I had a different opinion. I heard that they were going out 2,000 feet, —8,000 feet?—A. But there is only about half a mile which will have to be dredged.

Mr. STEWART: We were told that they were going out into the lake about 8,000 feet. Mr. Mackenzie has the same idea that I have.

Mr. MONTGOMERY: I had the impression that the 8,000 feet was the length of the dyke.

The CHAIRMAN: No, it was 8,000 feet out into the lake.

By Mr. Stewart:

Q. If they go 8,000 feet out into the lake, would they have more currents than at 2,000 feet out?—A. I should not think so, sir.

Q. Would they be closer to the rapids, with the remedial works?—A. No, sir, I do not think it would make any difference.

Q. It is over a mile difference, and you say it is another mile beyond that before you feel the effect of that 2.25 feet per second drawn into the canal?—A. No, sir, from the first mile from the shore out, I think they would begin to feel the effects of the current.

Q. But you would not feel it 8,000 feet out?—A. No, I do not think so, sir.

Mr. WHITE: I can call Mr. Henry now, or I can complete the putting in of a lot of documents which I have here to be marked as exhibits.

The CHAIRMAN: Very well.

Mr. WHITE: These, I might say, have been handed to me by my learned friends as copies of documents which I will probably require.

The CHAIRMAN: The first will be Exhibit 39.

Mr. WHITE: There is a special order in which they go, according to the list which was handed to me; but I have not numbered them and I have taken them out of their order.

Mr. MONTGOMERY: Mr. Christie knows about them.

Mr. WHITE: The first thing, I think we have not the actual application, Mr. Chairman, and I put in a copy of it. The application of January 17th, 1928, to His Excellency, from the Beauharnois Light, Heat and Power Company. Attached to that is a memorandum from the Deputy Minister of the Department of Public Works to the Deputy Minister of the Department of Justice, of December 17, 1927. I will just put them in as one exhibit, Exhibit 39.

I put in as the next exhibit the approval of the Quebec Public Service Commission, a translation of the order in council, with the plans and documents referred to, as Exhibit 40.

Mr. STEWART: You did not give the date of that approval.

Mr. WHITE: The 17th September, 1929 is the approval of the Public Service Commission. The order in council is dated October 11, 1929. That, Mr. Christie informs me, is under the Quebec Water Courses Act.

The CHAIRMAN: The order in council.

Mr. WHITE: Then, Mr. Chairman, there is a certified copy of the Quebec lease which I think might go in, simply for the sake of convenience, so we won't have to search for it in the files.

The CHAIRMAN: Exhibit No. 41.

Certified copy of lease filed and marked exhibit No. 41.

Sir EUGENE Fiset: Is that from the Beauharnois people?

Mr. WHITE: From the Beauharnois people; and I am assuming that they are correct copies; they assure me they are correct copies, and I am willing to accept them as such subject to the permission of the committee. They are translations. It is dated June 23, 1928.

Hon. Mr. CANNON: I understood a few days ago it was arranged that any documents which would be required from the province of Quebec, counsel for the committee would give me a list and I would communicate with the government of Quebec and I would have them produced. I have no particular objection to the document being introduced, but I think it would be safer to follow the rule.

The CHAIRMAN: I think it is desirable Mr. Cannon, and I suggest that we should accept these copies. In the meantime, counsel for the committee will give you a list and you can communicate with your clients and we can substitute the originals, or at least, have certified copies made for your clients.

Hon. Mr. CANNON: It is perfectly agreeable to me.

Mr. MONTGOMERY: What is No. 41?

The CHAIRMAN: Quebec lease.

Mr. WHITE: Here is a translation of a report of a meeting of the executive counsel of Quebec, dated April 25, 1928, authorizing the lease. I should like to put in as a separate exhibit (Exhibit No. 42), copy of memorandum of agreement dated 25th June 1929, between the Beauharnois Light Heat and Power Company and His Majesty, represented by the Hon. Minister of Public Works for Canada. Here is the agreement in respect to carrying out the order in council.

The CHAIRMAN: What is the date?

Mr. WHITE: June 25, 1929. It will be more convenient to refer to it as a separate exhibit. The agreement implementing the Order in Council, Mr. Montgomery

Mr. MONTGOMERY: Yes.

Mr. WHITE: It is a question, Mr. Chairman, which might be debatable as to whether it should be filed as an exhibit the lease of the 7th May, 1897, from the province of Quebec to the Montreal Cotton Company, as it involves the question of the 13,000—

The CHAIRMAN: One of the leases that was ultimately assigned to the Beauharnois company?

Mr. WHITE: Yes.

The CHAIRMAN: It is already in, I think.

Mr. WHITE: This particular lease is not.

Sir EUGENE Fiset: The lease you have is a factory lease; it is a provincial lease.

Hon. Mr. CANNON: I do not see the urgency of my friend putting these documents before the committee this afternoon.

Mr. WHITE: There is not any. I am just doing it because I thought it was a convenient time.

The CHAIRMAN: What is the date?

Hon. Mr. CANNON: I have not been asked for any papers or anything of that kind. There is a principle at stake of some importance where documents like this and reports from executive committees of the province of Quebec are produced.

Mr. WHITE: It is a public document.

Hon. Mr. CANNON: A public document of the province of Quebec must be produced by an official.

Mr. WHITE: Anybody could go down and copy it, and bring a copy here.

Hon. Mr. CANNON: My friend must not forget that this government is a federal government, and in dealing with another government must follow the regular procedure as between governments.

Mr. WHITE: If it were between governments, yes.

Hon. Mr. CANNON: If documents must be produced, the government of the province of Quebec is perfectly willing to supply the documents.

Mr. WHITE: Well then, we will give them the opportunity.

Hon. Mr. CANNON: With the intimation that I have stated, I have been at my friend's disposal, and I have not been asked for any document. If my friend wishes any document I think he ought to follow the procedure which has been indicated by the chairman of the committee.

Mr. WHITE: If there is the least possible objection I am willing to put the burden on my friend.

The CHAIRMAN: Mr. Cannon.

Hon. Mr. CANNON: Yes?

The CHAIRMAN: Was not my suggestion a few moments ago a good one, and one which is acceptable? In the meantime, let us take these copies, and after the adjournment this afternoon I am sure Mr. White will be glad to give you a list of these documents of which we are presently using copies, so that you can then get from your clients certified originals which we will substitute later. I am rather of the opinion that these copies should go in at the present time. I agree with you that the better method would be to have them come from your clients. In order to save time of the committee I am suggesting that this course be followed, and Mr. White can give you a list of whatever is necessary, and you can communicate with your clients and we will substitute the certified copies.

Hon. Mr. CANNON: The one objection I see, Mr. Chairman, to that, is this: these exhibits are actually being filed. Suppose I am instructed by my clients to raise, for some reason or other, the question of jurisdiction. The exhibits are now being put before the committee—

The CHAIRMAN: Yes. If you are instructed to raise a question of jurisdiction, the exhibits would have of necessity to be placed before the committee before you could develop your argument.

Hon. Mr. CANNON: Yes. What would be the use of my raising the question of jurisdiction if my exhibits are already before the committee?

The CHAIRMAN: It would not imperil your position at all, Mr. Cannon, would it? If your objection as to jurisdiction is sound, you would have to have those documents before the committee to argue.

Hon. Mr. CANNON: Any question of jurisdiction which would be raised would be that this committee could not force the government of the province of Quebec to produce these papers, and that therefore the committee should not be cognizant of them.

The CHAIRMAN: We should then have to take the best evidence we could get, which would be—or at least, the next best evidence—which would be these copies. Are you serious in suggesting that the province of Quebec would take any attitude that would likely hamper the investigation?

Hon. Mr. CANNON: On the contrary. The best way of co-operating is to co-operate along the lines indicated by you, Mr. Chairman.

The CHAIRMAN: My suggestion is that we take copies now, and Mr. White can give you the list of them, and if you will be good enough to communicate with your clients, we can get certified copies which would be admissible in any court. I think that is the better suggestion, Mr. Cannon.

Mr. WHITE: A copy of lease of May 7, 1897, from the province of Quebec to the Montreal Cotton Company, of the lost channel, St. Lawrence river below federal government dam at Valleyfield.

Mr. MONTGOMERY: You had better have them point out where the lost channel is.

Mr. WHITE: I do not like to ask any questions about those things until the matter is determined. This will be exhibit 44. Exhibit 19, Mr. Chairman, is the letter of July 29, 1929, and there was a file with that.

The CHAIRMAN: A letter from Mr. Sweezey to Mr. Elliott?

Mr. WHITE: No,—yes, you are right. It refers to certain plans.

The CHAIRMAN: Shall we add these to No. 19 or put them in as a separate exhibit?

Mr. WHITE: I think we had better make them 19A, 19B, and 19C.

The CHAIRMAN: What are they, generally?

Mr. WHITE: Plans of land affected, plans and specifications of proposed diversion of St. Louis river, and plans and descriptions of lands to be conveyed by the company to the Dominion government.

The CHAIRMAN: Has the Dominion government agreed to transfer certain lands to the company?

Mr. WHITE: The Beauharnois company, has, yes.

The CHAIRMAN: I thought you said the Dominion government agreed to transfer lands to the Beauharnois company.

Mr. WHITE: No, it is the other way around. It was made by the company to the Dominion government. Then, I should like to attach to that a bound volume, containing a report on the proposed hydro power development on the St. Lawrence river between Hungry Bay on Lake St. Francis and Melocheville on Lake St. Louis made by Frederic B. Brown, and also a separate memorandum regarding ultimate possibilities of proposed hydro electric development on the St. Lawrence river between Lake St. Francis and Lake St. Louis dated January 16, 1928, by Mr. Brown, part of exhibit 39.

Mr. MACKENZIE: 39A and 39B.

Mr. WHITE: And as a further matter of convenience, and for easy reference so we will not have to be turning up the file all the time, I should like to put in document 85 of the Beauharnois company.

The CHAIRMAN: Exhibit 45.

(Document filed and marked exhibit 45.)

Mr. WHITE: A compilation of plans of works and description of plans of the site annexed to and approved by the Dominion order in council P.C. 422, a compilation of all plans. And as supplementary to that, also a study of remedial and control works dated January 2, 1928 by Mr. Brown, Mr. Hogg and Mr. W. S. Lee.

Mr. CHAIRMAN: Exhibit 46.

Documents filed and marked exhibit 46.

Mr. WHITE: Then, exhibit 47, document No. 8, of the Beauharnois Light Heat and Power Company, being a supplement to the last exhibit.

Mr. CHAIRMAN: Exhibit 47.

(Documents filed and marked exhibit 47.)

Mr. CHAIRMAN: It is dated the same day.

Mr. WHITE: Also for convenience a document dated the 24th July, 1928, being a description of the plan mentioned in the application of July, 1928, for the purchase of the portion of the Hungry Bay dyke.

The CHAIRMAN: Is that a new one?

Mr. WHITE: Yes.

Documents filed and marked exhibit 48.

I think perhaps, Mr. Chairman, for the convenience of the committee it would be better to have in a separate document, the minutes of a public hearing before the Minister of Public Works; if it meets with the views of the committee, I shall put it in.

The CHAIRMAN: What is the date?

Mr. WHITE: January 15, 1929.

The CHAIRMAN: Where the protestants were heard?

Mr. WHITE: Where particularly Mr. Geoffrion dictated the memorandum which limits the application to 40,000 c.f.s.

Document filed and marked exhibit 49.

I understand the report of the committee of engineers has been distributed and in the hands of the members of the committee, so it will not be necessary to file it. It is not filed, is it?

The CHAIRMAN: A departmental committee, is it?

Mr. WHITE: Yes.

The CHAIRMAN: I think it is.

Mr. WHITE: It is in the file, but I do not think it was filed separately. Perhaps for the sake of accuracy, it might be well to file a separate exhibit, and we will be able to refer to it separately. (Exhibit No. 50.)

The CHAIRMAN: The report of the committee of engineers?

Mr. WHITE: Yes. There were three orders in council, and you are probably referring to the agreements with reference to the Montreal Cotton Company.

The CHAIRMAN: 2201, 2202, and 2203?

Mr. WHITE: Yes. Now, the agreement implementing these orders in council are documents in connection with which I propose to put in as one exhibit. Copies have been furnished me by the company, which I take to be exact copies.

The CHAIRMAN: Can we put these in as 9A, so they will follow immediately the three orders in council? Nine is 2203, seven is 2201, and eight is 2202.

Mr. WHITE: I am sure I cannot at the moment identify them.

The CHAIRMAN: I can give you the date.

Mr. WHITE: They are all the same date, November 6, 1929.

The CHAIRMAN: 2201 deals with 2,500 h.p., then 2202 is 10,000.

Mr. WHITE: Horse-power again is not mentioned in this lease.

The CHAIRMAN: That is the information I took down the other day.

Mr. WHITE: I have one here, 8,333 horse-power. I think we will take a chance and put them in the same numerical order as the orders in council. The lease No. 27877 will be exhibit 7A; lease No. 27878 8A, and lease No. 27879 will be 9A.

Mr. MACKENZIE: They are all dated the same day?

Mr. WHITE: Yes. I think we have already marked the Act of Incorporation.

The CHAIRMAN: I do not think so.

Mr. WHITE: Yes, I think so, exhibit No. 20.

Mr. WHITE: We are now ready to proceed with the examination of Mr. Henry.

The CHAIRMAN: I think we should postpone hearing Mr. Henry's evidence until all our members are present.

Mr. WHITE: Very well. We can hear Mr. Henry on Tuesday. Colonel Thompson is here, and probably we could go on with him.

Colonel THOMPSON: I am sorry, but I haven't my papers here with me. I could send for a copy of my file and leave that with you to-night.

Mr. WHITE: Please do that.

Colonel THOMPSON: Do you want the original file?

Mr. WHITE: No, a copy will do now. We will need the original when we take your evidence.

I want to put in some extracts from three documents. The first is a document entitled "Down the Canal," and it is dated January 31, 1931.

(Document entitled "Down the Canal" filed marked Exhibit 51.)

It is put out by the Beauharnois Power Corporation Limited, University Tower. Page 2 contains a picture of the canal very much in the form of the plan which was supplied to us the other day, and this is what it says. It contains, first of all, a short picture of the whole of the river from Lake Ontario to Montreal.

The CHAIRMAN: If I might interject, what was the purpose of the issuing of the pamphlet? Was it to acquaint shareholders with the progress of the work, or not?

Mr. WHITE: A pictorial presentation of the Beauharnois power and navigation development: "Here is portrayed the fashion in which the construction work on the Beauharnois power undertaking is being carried out. It is intended to provide the layman with a bird's-eye picture of the construction operations, and omits those minutiae which are of interest only from a technical standpoint. The pictures in the booklet take the reader from the entrance of the canal, near Valleyfield, down the route of the new watercourse to the power house construction at Beauharnois."

The CHAIRMAN: Purely an educational pamphlet for the people—for the troops.

Mr. MONTGOMERY: The publicity department.

Mr. WHITE: The map shows the relationship of the new canal to the St. Lawrence River.

Mr. MONTGOMERY: Is that one of the booklets handed to us on the train the other day?

Mr. WHITE: Yes.

The map shows the relationship of the new canal to the St. Lawrence, as a whole, to the surrounding district, and to other power producers on the river.

Taking water from the old Beauharnois Canal is the Canadian Light and Power plant. Operating in the bed of the river is the Cedars Rapid Manufacturing and Power Company. The plant of the Provincial Light and Power Company takes water from the Soulanges Canal. These four plants produce some 260,000 h.p. If the water used there were to be passed through the new Beauharnois Canal over a full head of 83 feet available at Beauharnois, it would produce some 700,000 h.p. . . .

those are matters which I intend to ask Mr. Henry about when he is in the box.
 the unallocated balance of the water in the river, if used by Beauharnois, would permit a further installation of 1,000,000 h.p. in the plant. Both the canal and the power house have been designed to permit such further low cost expansion.

The CHAIRMAN: When Mr. Cameron was giving his evidence, he was reluctant to admit that, was he not, if I recall clearly?

Mr. WHITE: There has been, I should say, Mr. Chairman, a fairly evident desire on the part of the Public Works Department to emphasize the fact that Order in Council 422 was confined to the diversion of 40,000 cubic second feet.

Hon. Mr. MACKENZIE: That is a matter for argument entirely.

Mr. WHITE: Quite so. I have no doubt that the Order in Council does so limit. This is another matter. Now that the question has been raised—

The CHAIRMAN: I will not pursue it.

Mr. WHITE: I will read from paragraph 3 of page 4:

The banks have been placed nearly three-fifths of a mile apart so that the canal could, if necessary, handle the whole flow of the St. Lawrence and produce 2,000,000 h.p. at Beauharnois. Both the canal and the power house have been designed to permit such further expansion.

Page 6:

The favourable contours of the territory and the type of material encountered have thus combined to make possible the development of this, the largest single power site in the world.

You will remember the other day that I ventured to assert that the old feeder canal was the basis of the original system here.

The CHAIRMAN: I think you called it the thin end of the wedge.

Mr. WHITE: And brought down on my poor learned friend's head a storm of protest. I would like, in justification of what was said, to read from page 12 of this document. The item is entitled "The Original Diversion Rights," and there is a very attractive old cut at the head of the page showing the mill and the old site of Beauharnois:

About 1800 the Seigneur of Beauharnois erected a grist mill on Lake St. Louis at the mouth of the St. Louis River. To provide a more even flow in the stream at all season, he built a small feeder canal from Lake St. Francis to the nearby headwaters of the St. Louis. So for the first time water was diverted around the entire Soulanges section of the St. Lawrence. These fundamental diversion rights are still in existence, and are now held by the Beauharnois Power Corporation. The old print of Beauharnois, sketched about 75 years ago, shows the old mill and the waterfall which provided the headrace for its operation. Below is a view of the small, still existent feeder canal, the basis of these ancient rights from which grew the present gigantic conception.

Sir EUGÈNE Fiset: It is worse than the Canadian National?

Mr. WHITE: Giant oaks from little acorns grow.

Hon. Mr. MACKENZIE: Little drops of water, little grains of sand.

By Mr. White:

The next document I wish to produce is entitled "Physical Facts and Financial Figures." (Exhibit No. 52):—

Here are presented as succinctly as possible the important physical and financial features of the Beauharnois power and navigation under-

taking. It is not a highly accurate technical picture of the development, but gives in round figures unencumbered by statistical data, the chief aspects of the project. The financial particulars of the corporation shown in the last section, are complete.

The CHAIRMAN: What is the date of that?

Mr. WHITE: December 8, 1930, by the Beauharnois Power Corporation Limited.

On page 4 there is this significant statement:

out of these ancient diversion rights grew the present gigantic conception.

On page 5:

The Beauharnois Power Corporation is a holding company owning all the shares of its subsidiaries. The assets of the parent corporation consist of the shares of its subsidiaries; its rights, real estate, contruction work and other assets are all held by these wholly-owned subsidiaries. For accounting purposes, for greater efficiency in each department, and to facilitate ultimate future expansion, the parent organization has thus segregated in a separate corporate body each field of its activities:

Subsidiary Companies.

Beauharnois Light, Heat and Power Company is the operating organization . . .

The CHAIRMAN: That is the old company?

Mr. WHITE: The old company, the shares of which were purchased from the Roberts.

The CHAIRMAN: I suppose the shares were first purchased by the syndicate?

Mr. WHITE: I am unable to say.

Power contracts are made through this subsidiary which owns all rights, titles, water leases and land necessary for the canal and power development. The Beauharnois Construction Company is engaged in carrying out the construction work involved in the project. The cost of the equipment used will be amortized during the period of construction. On the completion of the 500,000 horse-power installation, the equipment will be disposed of, save for the items required for further construction.

The Beauharnois Land Company owns all the land not required for the canal and power house. Some of its real-estate holdings will be sold for industrial purposes.

The Beauharnois Transmission Company will own and operate the transmission lines and will act as the distributing department of the corporation.

The Beauharnois Railway Company, it is expected, will serve industries located in the region of the canal. It will be used for industrial purposes and will utilize as far as possible the lines of the existing construction railway.

As these and the other subsidiaries are wholly-owned by the parent company, the activities of the Beauharnois Power Corporation and its component companies are here treated as a single entity.

Then there is a description of the project as such, and I am again reading from page 6, the righthand column at the top of the page:

The canal is 15 miles in length and 3,000 feet in width. Should further water become available, with further low cost dredging the new

canal with its width of over half a mile could handle further diversions up to the full flow of the St. Lawrence.

I see by Mr. Johnson's early report that he puts it at something less than that.

The CHAIRMAN: Mr. Montgomery, when you get that full flow of the river it will interfere with Cedars Rapid, will it not.

Mr. MONTGOMERY: If they take the full flow of the river it will, obviously.

The CHAIRMAN: The Cedars Rapid have got 200,000—

Mr. MONTGOMERY: They have 56,000 cubic feet in the navigation season and another 19,000 feet during the off season of navigation, the winter season.

The CHAIRMAN: But you have made an arrangement with them to take care of them if their power is interfered with.

Mr. MONTGOMERY: That is one of the compensating factors that is being worked out, so that the Cedars Rapid power will not be interfered with. That is one of the essential features of it. They are watching it very closely.

Mr. WHITE: I imagine that the Cedars Rapid Co., will be properly looked after.

Mr. MONTGOMERY: Well, I do not know what my friend means by that, but I can assure you the Cedars Rapid Co., are looking after their rights very closely.

Mr. WHITE: That is what I mean. Then on page 6 again the power house:

The power house will be built to house ten 50,000 horse-power units. By October 1, 1932, it is planned to produce 20,000 horse-power. Further units will be installed thereafter to bring the plant up to its 50,000 horse-power capacity. . .

The 500,000 horse-power plant will be 1,000 feet in length; it forms part of an ultimately larger architectural conception having a length of 3,000 feet and designed to utilize the entire flow of the river.

Construction Work.

On August 1, 1929, construction work began on the new Beauharnois canal. During the 1929 season, active construction work of a general character was carried out. It included the erection of construction camps, the assembling of one of the largest hydraulic dredges in the world, some miles of dyking and embanking along the route of the canal, and the building of the first few miles of the construction railway which now had a trackage of 40 miles.

On page 7 the right-hand column, about the middle:

About 28,000 acres of land, embracing some 250 farms, have been acquired along the canal route. Of this about 8,000 acres are required for the canal itself.

Leaving about 20,000 acres for other purposes. And it goes on to speak of construction costs. And on page 8 in the remarks under that title this statement is made:

Should further water rights become available, the expansion of the plant would bring total construction costs to a much lower per horse-power figure.

The construction costs as stated here will be for the 500,000 horse-power, and the cost per horse-power will run \$130 per horse-power, or \$65,000,000. The \$65,000,000 are my figures, that is, the arithmetic is mine, and I think it is correct. Then it goes on to speak of the market for power.

The CHAIRMAN: Let me get this right, correct me if I misinterpret this: If the Beauharnois Company had the right and went ahead to-day with the more comprehensive development, constructing the power plant to take care of the larger flow of the river, it will result in that more comprehensive operation being done at a very much less cost than doing it in the way it is being done at the moment.

Mr. MONTGOMERY: I do not suppose there will be a market for power.

The CHAIRMAN: I do not suppose there would be at once but I am just asking that.

Mr. MONTGOMERY: I understand, of course, that subsequent power will be developed.

Mr. WHITE: I have some figures on that, Mr. Chairman. I have seen a statement somewhere—I do not know where it is at the moment—showing how much less the second stage of the 500,000 horse-power will cost. There is something somewhere that I will bring to the attention of the committee on that point.

The CHAIRMAN: In the meantime, in the absence of having a definite right to take more water, or all the water from the river, I take it the Company's engineers, able men, are so fashioning their works that the next unit you hope to get will be done at the least possible cost, having regard to the impediments that may confront you with respect to getting more water.

Sir EUGENE Fiset: Can we take it for granted that all they are proceeding with at the present time is the construction of the first unit of 1,000 feet.

Mr. MONTGOMERY: That is the length of the power-house.

Sir EUGENE Fiset: That is what I mean.

Mr. MONTGOMERY: At present they are not putting in 500,000. These two contracts go on by stages.

Mr. WHITE: Reading from page 6:

The power-house will be built to house ten 50,000 horse-power units. By October 1, 1932, it is planned to produce 200,000 horse-power. Further units will be installed thereafter to bring the plant up to its 500,000 horse-power capacity.

The power-house itself, of course, having been presently built to contain the additional units to bring the production up to the half million horse-power:

Like the power canal, the plant has been designed to permit its low cost expansion. Further units could be added and further water diverted at a very low cost per horse-power. Power en bloc could be sold from such additional units at prices to compete with other plants anywhere in the world.

With its ultimate potential capacity of 2,000,000 horse-power, Beauharnois is the largest water-power in the world which can be developed in a single power-house. The 500,000 horse-power plant will be 1,000 feet in length.

I assume that that means that the power-house itself will be that length for the purpose of containing units to produce up to 500,000 horse-power.

It forms part of an ultimately larger architectural conception having a length of 3,000 feet and designed to utilize the entire flow of the river.

Then I was going on with this question of construction under the title "construction work" and "construction costs," and "market for power." And then on page 10, in the left-hand column, the fourth paragraph from the top:

There exists also the possibility of the further expansion of the Beauharnois project through the diversion of more water direct from the river.

I suppose that is what my learned friend, Mr. Montgomery, referred to when he said that if the Beauharnois Light, Heat & Power Co., obtained the right to divert further water there must be supplied such remedial works as would enable the Cedars Rapid Company to carry on:

After the initial installation of 500,000 horse-power the Beauharnois Power Corporation can only increase the capacity of its plant by the acquisition of further water rights. Such expansion might take place along two lines.

Application might either be made to the government to permit the diversion of more water, or presently existing water rights might be acquired. The unallocated balance of water in the river, if passed through the Beauharnois canal, would permit a further installation in the plant of about 1,000,000 h.p.

The Cedars Rapids and Provincial Light Heat & Power plants are owned by Montreal Light, Heat and Power, Consolidated. This company also owns, jointly with the Shawinigan Water and Power, the Canadian Light and Power plant on the south side of the river.

Then History, very much a repetition of what was said before:

The history of the Beauharnois undertaking goes back to about the year 1800 when the seigneur of Beauharnois erected a small grist mill on Lake St. Louis at the mouth of the St. Louis river. The flow of the little river was insufficient to operate the mill. The seigneur, to increase the flow, built a small feeder canal from Lake St. Francis to the headwaters but a mile or two from the southern bank of the St. Lawrence at Lake St. Francis. It flows into Lake St. Louis at the town of Beauharnois. So for the first time water was diverted around the Soulanges section of the St. Lawrence to develop power.

The water rights later passed into the hands of the Robert family. Over a long term of years, J. B. Robert and his son W. H. Robert, busied themselves acquiring further rights along the little St. Louis river. They recognized that in these minor diversion rights lay the potentialities of the present larger scheme.

These initial water rights are still in existence, and the St. Louis river is still generating hydraulic power at Beauharnois. In 1902 the Beauharnois Light, Heat and Power Company was formed to acquire these water rights. In 1926 R. O. Swezey investigated the potentialities of the assets of this little company, and later purchased it from W. H. Robert.

In 1928 applications were made to the Quebec government for authority to change the charter, to obtain sufficient water to make the present project economically possible, and to divert it directly into Lake St. Louis. The provincial cabinet and legislature gave the project their support.

As the development was to take place on a navigable river, it was necessary also to obtain the authorization of the federal government. In March, 1929, a federal order in council granted the Beauharnois Light, Heat & Power Co. this authorization.

The CHAIRMAN: Mr. White, would you hear Col. Thompson's evidence now? These gentlemen want to catch the train back to Montreal, and you can read that in on Tuesday.

ANDREW T. THOMPSON, called and sworn, examined by Mr. White.

By Mr. White:

Q. Col. Thompson, you have handed me a file of correspondence. Is it exclusively correspondence?—A. Yes, a complete copy of my file, Mr. White.

Q. A complete copy of your file in connection with what?—A. Well, these power developments on the St. Lawrence. Later the Beauharnois matter. But, as you will see, the first letter is dated October 13, 1927, and is from Mr. Steele, Vice-President of the Dominion Securities Corporation Ltd., asking me if I would act. The letter is short. The second paragraph reads:

On account of our connection with the Power business, we would like to be kept in touch with the progress of these developments. We understand that you are probably in a position to keep us advised and we write to ask you if you would undertake this small piece of work for us, and, if so, about what fee you would ask as Retainer.

Q. And further:

We would appreciate your writing us a note in connection with this, and I shall then either go to Ottawa to see you, or speak to you on the telephone regarding it.

A. Yes. That was in October, 1927, Mr. White. That was the first notice I had of anything.

Q. Then you wrote him that you will be very glad to act.—A. Yes.

Q. And that so far as the fee is concerned there won't be any trouble about that.—A. That is right.

Q. And then you also wrote him on November 3.—A. Yes. That was in reference to the meeting of the Premiers of the Provinces, which was then taking place in Ottawa.

Mr. WHITE: Well, I rather think, Mr. Chairman, that I had better take this file and read it.

The CHAIRMAN: I think it is highly desirable that you take the file and read it, and then Col. Thompson can come again and identify the file. It will facilitate our work.

Mr. WHITE: There is a lot of it that I do not want.

The CHAIRMAN: We will adjourn until Tuesday morning at 11 o'clock.

EXHIBIT NO. 37

APPENDIX—DRAFT REPORT OF ENGINEER MCLACHLAN

317 West Block, Ottawa,

January 25, 1929

The works proposed by the Beauharnois Company consist of the following:—

1. A canal extending from Hungry Bay, at the foot of Lake St. Francis to Melocheville, at the head of Lake St. Louis, said canal being contained between banks which are 1,100 ft. apart where hard materials are encountered, and 4,100 ft. apart, where soft materials are encountered.

2. A power house at Melocheville equipped with ten 50,000 H.P. units.

3. Regulating works at Thorne Island and at Leonard Island. These are designed to hold up the levels of Lake St. Francis, when a diversion of 40,000 c.f.s from that Lake St. Francis made.

4. A series of works in the four rapid stretches of the river between Thorne Island and the head of Lake St. Louis. These are designed to maintain existing depths in present channels, and also to maintain existing levels at the head and foot of the Cedar Rapids works, when the above diversion is made.

The works proposed by the Beauharnois Company affect in varying degrees canal navigation, river navigation, power developments, and future plans for a deep waterway.

EFFECT OF WORKS ON 14 FT. CANAL NAVIGATION

The St. Lawrence river is now improved by side canals so as to give a depth of 14 feet between Lake Ontario and Montreal. The Soulanges Canal, which connects Lake St. Louis and Lake St. Francis, is an essential link in this system. In low water periods usable depth in this system is controlled by that available over sills at lock No. 15, Cornwall and at lock No. 5, Lachine.

As these canals now carry a large traffic and as a lowering of Lake St. Francis reduces depth at Cornwall, nothing can be allowed which lowers the level of Lake St. Francis. This fact is recognized by the Beauharnois Company. They propose regulating works south of Thorne Island, and north of Leonard Island. These are designed to control the flow of the St. Lawrence river at the head of Coteau Rapids to a sufficient extent to compensate for the lowering effect of the diversion proposed. Our analysis shows that they have sufficient capacity to accomplish this object, except during short periods when easterly winds operate on the surface of Lake Ontario, during extreme low periods such as occur in the autumn once in twenty years. It would appear a slight extension of the works proposed at Thorne Island and Leonard Island is necessary to maintain present depths in 14 ft. system of canals at all times. This can be done by constructing an additional dam between Thorne Island and Maple Island, or by other alterations in works which can be easily made.

EFFECT OF WORKS ON PRESENT RAPIDS NAVIGATION

The remedial works proposed in the rapids between the regulating works at Thorne Island and the head of Lake St. Louis consist of rock filled dams at four places, and channel improvements at five places. Some of these works are not well planned, and if built would, we believe, fail to preserve present depths in rapids.

The rock filled dam shown between Ile Juilliet and Grande Island would be very difficult to construct. If built it would raise high water levels too much or low water levels too little to be satisfactory. It would probably be destroyed by the action of ice in winter. The objects sought might be obtained by building a long structure in shallow water farther up stream. An overflow dam of timber crib construction might be used for such a work. It would give a crest line of some permanence and stability. The idea of diverting passenger boat channels from south of Ile Ville Mable to the shoal areas north is not a good one. A channel north of Ile Ville Mable is too difficult to improve.

The excavation of solid rock above and below Prisoners' Island and north of Ile Ville Mable should, we believe, be avoided by designing and building works which will hold up water levels at these points rather than attempt to compensate by dredging rock to compensate for lowering. The excavation shown in Split Rock and Cascades Rapids is more difficult to avoid, but, even at these points we believe more satisfactory results would be obtained by use of longitudinal training works, than by excavation. Should channels through the rapids as proposed by the Beauharnois Company be approved, we suggest that they be made not less than 300 feet wide, and we suggest also that they be given a depth of 11 feet at low water.

From the approximate estimates which the Board has made it would appear remedial works designed to properly preserve rapids navigation would cost about \$3,000,000. This is about three times what the passenger business of the Canada Steamship Line is worth, which is the only company now using the

route, for commercial purposes. A settlement on some basis other than by remedial works would appear desirable, even though it gives the United States a better hold on use of side canals.

EFFECT ON OTHER POWER DEVELOPMENTS

There are, at present, four large power developments in the Soulanges section. The largest of these is the Cedar Rapids Power Co. This plant was set up by lease of land by the province of Quebec, and approval of plans by the Department of Public Works. The second largest of these is the Canada Light and Power Company's plant at St. Timothee. This plant was brought into being by lease of the old Beauharnois Canal from the Department of Railways and Canals. This canal has been since enlarged.

The third largest development in the section is the Provincial Company's plant below Cedars. It is now owned by the Montreal Light, Heat and Power Company. It came into being through lease of surplus water from the Soulanges Canal, granted by the Department of Railways and Canals. The fourth development in the section is the Montreal Cotton Company's plant at Valleyfield. This plant and a few others at that point came into being by a gradual extension of water privileges obtained from the Department of Railways and Canals at a dam which was associated with the Beauharnois Canal. The smallest power plant in the section is at the mouth of the A La Graise River. It is used to light and operate the Soulanges Canal, and is owned by the Department of Railways and Canals.

The Beauharnois Company's plans are designed to maintain the level of Lake St. Francis in future at the same elevation as it has held in the past. As a consequence no change need be expected in the headwater condition of the three power plants set up by lease from the Department of Railways and Canals.

The design of remedial works for use in the Rapids below Grande Island is not yet worked out in a satisfactory manner, but in any case it may be taken for granted water levels will not be raised when approval is given for such works. As a consequence, the water powers set up by the Department of Railways and Canals will not be injured by the execution of the Beauharnois Company's proposals. However, the abstraction of 40,000 c.f.s. from the river will reduce the volume of water flowing through the river and past the Cedar Rapids Power Company's plant. If the area of water surface exposed in this neighbourhood could be reduced as much as the flow is to be reduced, no change would be made in the quantity of ice formed, and the Cedars Rapids plant would function in future as in the past. A document purporting to show that ice formation will be reduced proportional to flow has been submitted by the Beauharnois Company's engineers. In fact, this document predicts that conditions will be improved so far as the Cedars Rapids Company's operations in winter are concerned, when proposed remedial works are built. We have examined the data and analysis submitted. We cannot agree that the works proposed will attain the results indicated, and believe the proportion of ice to water in the mixture flowing in the river past the Cedars Rapids plan will be greater with the proposed works executed than it is at present.

It should be pointed out, however, that the responsibility for protecting the Cedars Rapids Company's plant in winter does not rest with the Federal government, because the rights which the Cedars Rapids Company enjoys were derived largely through ownership of land leased from the province of Quebec. Just what these lands carried with them in the way of rights to use water is not easy to determine, but it clearly did not give the right to use more than half the flow of the river, as the lands leased are only along one shore.

EFFECT OF BEAUHARNOIS COMPANY'S PROJECT ON FUTURE DEEP NAVIGATION

Before discussing details of how the Beauharnois Project affects future deep navigation, a few facts and estimates will be given. A canal for deep navigation between Hungry Bay and Melocheville can be built for \$38,569,000 via the Hungry Bay-Melocheville route. This would be for a depth of 27 feet, and would have double locks in flight at Melocheville. A similar canal can be built entirely on the north shore of the St. Lawrence river between Coteau Landing and Cascades point for \$43,791,000. If we assume a power canal 600 feet wide and 27 feet deep is built from Hungry Bay to Melocheville, as a power venture for the purpose of carrying 40,000 c.f.s. from Lake St. Francis to Lake St. Louis, and deep navigation is to be required later, then it is found such a canal can be equipped with locks and other structures, which would enable it to be used for deep navigation for an additional expenditure of about \$21,600,000.

Again, if an improvement of the Soulanges section be assumed in the river, as a power venture, previous to the undertaking of a deep waterway between Lake St. Francis and Lake St. Louis, the special structures required for adding deep navigation would cost \$28,574,000.

A close analysis of the cost of developing power in the Soulanges Section, by various methods, has been made. These clearly indicate that the bulk of the flow passing through the section should ultimately be developed for power by a river improvement, as it is much more economical than any plan involving a large or a full diversion of the flow of the river, by means of side canals. This general fact however, does not stand in contradiction to the idea of diverting a small amount of water via a Hungry Bay-Melocheville route for power. As an application for such a diversion is before this Board, the economic effect of this specific diversion will be discussed in detail. A diversion of 40,000 c.f.s. from Lake St. Francis to Lake St. Louis, can be accomplished in a number of ways. The way which appears most economical from a power point of view, appears to be by a concrete lined canal in which the water would travel at 6 feet per second and stay open in winter. The amount of power to be derived from 40,000 c.f.s. utilized at a head of 75 feet at Melocheville, is only 300,000 horse-power and the power which it would give at 80 feet head is about 320,000 horse-power. A head of about 80 feet would generally be available in summer, but in winter it would be reduced to 75 feet or less, dependent on the form of canal used. The amount of firm power derived from 40,000 c.f.s. will not exceed 300,000 horse-power. The cost of all the work connected with the development of 300,000 horse-power, with a concrete lined canal, and water at 6 feet per second, would be about \$48,700,000. This canal would stay open in winter. If a power canal is to be built with the idea that it will later be used for navigation, as well as power, it must have low velocities. If it has low velocities, no protection lining would be required to stop scour and an ice cover will form in winter. Such a canal would have to be 600 feet wide on the bottom, and 27 feet deep to give satisfactory results from a joint navigation and power point of view. Its cost would be increased to the extent of about \$5,000,000, and would stand at \$53,983,000. This project would not disturb the Soulanges Canal, or the level of Lake St. Francis, as it is coupled with control works, at the foot of Lake St. Francis.

Effect of 40,000 c.f.s. Diversion.—The 40,000 c.f.s. diversion when made may increase the cost of developing the remaining power resources in the Soulanges section, and it may not, depending on what is done with the power developed, and what plan is followed in the future development of the section.

Co-operative Project.—If the Beauharnois Company joins up with the other companies now established in the section, a co-ordinated and economical scheme of development can be adopted. The vital feature of this linking up of all the power interests would be an arrangement for carrying the load of the plant of the Cedars Power and Manufacturing Company (some 200,000 horse-power),

by the Beauharnois Company through its 40,000 c.f.s. diversion, in order to relieve a river development of the burden of keeping the Cedars plant going while building and unwatering the work required for a river project. The Beauharnois project, would, by such a procedure, become the first stage in a co-ordinated development of the entire reach, developing 300,000 horse-power at Melocheville. The remaining water would be developed in the main river channel, 1,050,000 horse-power at St. Timothée, and 489,000 horse-power at Cascades, in two successive stages. This project will hereafter be referred to as St. Timothée Project. The overall economy of such a project is practically as good as that of the project recommended by the Joint Board of Engineers.

Non-Co-operative Project.—If, on the other hand, the Beauharnois Company does not join up with the other power companies now established in this reach of the river, an overall economic loss of \$18,000,000 will be sustained by power agencies as a whole. If we assume the 40,000 c.f.s. diverted and the Melocheville power put to use without providing for the temporary carrying of the Cedars plant load during the construction period of the river development, then the best way to develop the remaining resources would be by a river project similar to the Ile Aux Vaches three-stage scheme as in the Joint Board's project. This method would be better than a progressive enlargement of diversion canals. The development in such case would proceed with 300,000 horse-power at Melocheville, then 340,000 horse-power at Ile Aux Vaches, then 300,000 horse-power at Cascades Point, and, finally, 689,000 horse-power at Cascade Island, a total of 1,629,000 horse-power. Analysis shows that the overall cost of this project is \$18,000,000 greater than the St. Timothée project when the cost of development of the section as a whole is compared with either the St. Timothée project, or with the full river development described in the Report of the Joint Board of Engineers. When the overall cost of the first stage is separated from that of the remaining stages, the extra cost is found to fall entirely on the first stage, or the Beauharnois Company. In fact, the cost of developing the power remaining in the river is apparently not increased by the diversion of 40,000 c.f.s. to Melocheville.

A river improvement, similar to that recommended by the International Joint Board of Engineers, but with 14-foot navigation provided with a first stage, and deep water navigation added later, is estimated at \$180,009,000 for power works, and \$32,850,000 for interest and carrying charges until power is marketed. To these amounts, \$20,670,000 is added as an equalizing charge to compensate for the high cost of developing the first stage. This gives a total of \$233,529,000, exclusive of works required for navigation. By this project, the capital cost of power is \$110 per horse-power, and the overall cost, including overhead and equalizing charges, is computed to be \$143 per horse-power. This is based on marketing 75,000 horse-power per year with interest at 5 per cent per year.

If the proposed Melochville diversion is made, and the nonco-operative Ile Aux Vaches Scheme is adopted for development of remaining resources, the initial cost will be \$149,622,000 for power works, \$21,800,000 for overhead and carrying charges, and \$12,840,000 for equalizing charges, making a total of \$184,272,000. This gives a capital cost of \$112.60 per horse-power and \$139.00 per horse-power when all interests and carrying charges are included.

In the St. Timothee Project, the power developed at Melocheville is to be used to carry the customers of the Cedar Rapids Power Company, for about three years. With this done, the works of the Cedars Company can be used to divert the flow of the river at that point, and a development not otherwise possible, can be made. This consists of building a dam across the river between the Cedars Plant, and the village of St. Timothee. It involves developing a head of 52 ft. at Cedars initially. This will give 1,150,000 horse-power of new power, adding that at Melocheville, and deducting that at Cedars. In this

project, the drainage of the country on the north side of the river is cared for by the Soulanges Canal, and drainage of that on the south side of the old Beauharnois Canal, now leased to the Canada Light and Power Company. At a later date, a second development would be made at Cascades Island. This would reduce the head at Cedars to 36 ft., and give 489,000 horse-power of new power.

The first cost of this project, including works at Melocheville, would stand at \$202,756,000, interest and carrying charges would be \$39,990,000, and equalizing charges would be \$3,620,000 or a total of \$246,366,000. The power developed by this project would be \$1,672,000 horse-power, and the initial cost per horse-power would be \$121.00. The overall cost, including interest, carrying, and equalizing charges would be \$147.00 per horse-power. This project recovers 40,000 horse-power lost in the project recommended by the J. B. of Engineers. These costs are given with \$53,983,000 as the cost of the Melocheville Project. If \$48,500,000 were taken, instead of \$53,983,000, or the future saving to navigation viz: \$7,000,000 is allowed for as good economic results as in the Joint Board's Project are secured, the cost of power would be reduced. If the 40,000 c.f.s. diversion for power is made, by means of a 600 ft. canal, and a river development of remaining resources is also made, then deep navigation will have two good routes open for adoption. The cost of the Melocheville route will stand at \$21,600,000, and the north, or river route, at \$28,574,000. There would be three lift bridges across the open power canal, via the south route, while the bridges on the north route would be in still canals. There would be two canal entrances via the south route and four by the north of mooring crib has been provided in estimates on the upper north side of each lift bridge in the power canal. Should a lift bridge fail to open when a down bound boat is approaching, the boat can go astern and tie up to the line of cribs. With those provisions, and a width of 600 ft., navigators appear to be satisfied. In fact, conditions would appear quite the equal of what can be gotten by a river route with its four entrances from relatively fast water in the river.

However, no assurance can be given that United States interests would be satisfied with such provisions, and led by their Chief of Engineers, they may prefer a river route. In the north shore route, the bridge at Coteau is over a controlled part of the waterway, where there would be no approaching movement of the water. In revised plans, the bridges between Cedars and the Ottawa arm of Lake St. Louis pass over channels which are used for navigation alone. In these there will be no appreciable velocity. As both the Soulanges Power Company, and the Cedar Rapids Company indicate their desire to proceed with the development of the resources remaining in the river after the Beauharnois diversion is made, the Federal Government can assume that a river improvement will be an accomplished fact in the near future.

If the Beauharnois Company are permitted to build their canal entirely for their own use, they could effect a saving of about \$5,000,000. This would balance, so far as the general public are concerned, the saving of \$7,000,000 which navigation would save by use of the Beauharnois Canal. Moreover, a concrete lined canal, with water travelling at six feet per second has only half the loss of head of an ice covered canal in winter. This would balance the loss of water for skimming purposes in an open canal.

It would appear a decision might be made to carry future navigation through the Soulanges Section by the Hungry-Bay-Melocheville route, without loss of economy or the reverse conclusion might be reached. This reverse conclusion might be directed towards permitting the Beauharnois Company to build their power canal for use by power alone. It is believed an amalgamation of power interests can be trusted to bring about a river improvement or a combination of opposing interests can be trusted to execute a river improvement, at

an early date. If they do not do this, a river improvement can be executed by the Government with profit, or a side canal parallel with the Beauharnois project can be built for little extra cost. If the Beauharnois Company are to be permitted to build a canal for power alone, they should be forced to build their works a little north or south of the route shown for navigation alone in the International Joint Board of Engineers Report. This would enable the Federal Government to build a canal through the region unobstructed, should some unforeseen set of conditions delay a river improvement. If the first conclusion is arrived at, and plans are to be made for using a joint canal, then the Beauharnois Company should be asked to provide a through channel not less than 600 feet wide on the bottom. The embankment on the north side of the canal prism should form part of a three to one sloped prism in marine clay and a two to one prism elsewhere. The embankment on the south side of the channel might be set back two or three hundred feet from the southerly edge of the prism, if desired, but it should not be set a great distance away, as proposed by the company, because excess water surface will give trouble with ice, and cannot be made use of in connection with the future development of the river, if good economies are to be followed. A deep channel limited to 450 feet in width is not deemed to be satisfactory under the conditions which will maintain in this power canal. The alignment of the canal in the large scale plan filed, appears to be satisfactory.

Some distance above Melocheville provision will have to be made to permit a guard structure and locks to be built when, and if required. The substructure of all bridges will have to be arranged to accommodate 200 ft. lift spans, when these are required for navigation. The spans placed upon these piers may, or may not be suited for use in a future deep waterway. In the estimates which have been given, the Power Company are expected to provide piers for lift bridges with fixed spans over lift bridges openings. In this connection, an effort should be made to reduce bridges to the least possible number. It would appear not more than four need to be allowed west of the power-house at Melocheville. For two thousand feet above bridges, extra width should be provided so mooring cribs can be built when required by navigation. The disposal of excavated material should be arranged so it will strengthen embankments throughout the length of the canal. In this way, the necessity for a guard lock at the foot of Lake St. Francis will be avoided. The top of embankments should not be less than elevation 158 and the width on top should not be less than 60 ft. though the specially built part may be confined to the standards of the I.J.C. Report. At the power-house at Melocheville, regulating sluices should be provided capable of discharging 40,000 c.f.s. when the water level in their head race at Melocheville is as low as elevation 142. The sectional area of channels leading to these sluices should be wide and deep.

The question of whether or not the works proposed by the Beauharnois Company affect water levels opposite St. Regis, at the head of Lake Francis, where the boundary between United States and Canada leaves the river will turn upon how control works are operated. If gates, independent of turbines are provided at Melocheville which can discharge 40,000 c.f.s. under winter conditions, then the level of Lake St. Francis can be held in the future as in the past. If, however, authority could be secured to raise the level of Lake St. Francis one foot at low periods in winter a saving in first cost would be secured, because conditions in winter govern in the design of the power canal.

We see no reason why the approval of the International Joint Commission should not be asked for.

Dr. Doc.
Can.
Com.
Be

Beauharnois Power
Project, Special Committee on (Army)

SESSION 1931

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

TUESDAY, JULY 7, 1931



WITNESSES:

Mr. Andrew T. Thompson, Messrs. Thompson, Cote, Burgess and Code,
Barristers, Ottawa, Ont.

Mr. Robert A. C. Henry, Vice President and General Manager, Beauharnois
Power Corporation, Limited.

Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal,
Que.

Mr. Hugh Griffiths, Secretary Treasurer, Beauharnois Power Corporation,
Limited.

EXHIBITS FILED

No. 53—Minute Book No. 1, B.L.H. and P. Co., covering meetings April 22, 1902 to November 6, 1929.

No. 54—Minute Book No. 2, B.L.H. and P. Co., covering meetings December 14, 1929 to March 25, 1931.

No. 55—Memorandum of agreement, dated October 31, 1929, between Beauharnois Power Syndicate, Beauharnois Power Corporation Limited, and Marquette Investment Corporation.

No. 56—Indenture, December 17, 1929, between Beauharnois Power Syndicate, Beauharnois Power Corporation Limited, and Marquette Investment Corporation.

No. 57—Minutes of meetings of Board of Syndicate Managers, Beauharnois Syndicate, March 2, 1928 to April 10, 1928.

No. 58—Minutes of meetings of Board of Syndicate Managers, Beauharnois Power Syndicate, April 4, 1928 to December 4, 1929.

No. 59—Memorandum of Syndicate agreement, May 12, 1927, between R. O. Sweezey and Marquette Investment Corporation.

MINUTES OF PROCEEDINGS

TUESDAY, July 7, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m.; Hon. Mr. Gordon, the Chairman, presided.

Members Present: Messrs Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Mr. Andrew T. Thompson, of Messrs. Thompson, Cote, Burgess and Code, barristers, Ottawa, Ont., was recalled and further examined.

Mr. Thompson retired.

Mr. Robert A. C. Henry, Vice-President and General Manager, Beauharnois Power Corporation Limited was called, sworn and examined.

The Committee adjourned at 1 p.m. until 2.30 p.m.

The Committee resumed at 2.30 p.m.; Hon. Mr. Gordon, the Chairman, presided.

Members Present: Messrs. Dorion, Fiset (Sir Eugène), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

The examination of Mr. Henry was continued.

Mr. Henry retired.

Mr. Frank P. Jones, Canada Cement Building, Phillips Square, Montreal, Que., was called, sworn and examined.

Mr. Jones stood aside.

Mr. Hugh Griffiths, Secretary-Treasurer, Beauharnois Power Corporation Limited, was called, sworn and examined.

Mr. Griffiths retired.

The examination of Mr. Jones was resumed.

Mr. Jones retired.

The examination of Mr. Griffiths was resumed. He produced:—

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Mr. Griffiths retired.

On motion of Mr. Gardiner,—

Resolved,—That Messrs. Price, Waterhouse and Co. be engaged as Auditors, and that the Chairman be empowered to arrange for remuneration for such services.

The Committee adjourned until to-morrow at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

Room 231,

HOUSE OF COMMONS,

TUESDAY, July 7, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon, presiding.

Appearances:

Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

J. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald.

Hon. Lucien Cannon, K.C., for the province of Quebec.

Lucien Moraud, K.C., for the Royal Trust Company.

ANDREW T. THOMPSON, recalled.

By Mr. White:

Q. You have furnished me with a copy of your complete file in this matter?

—A. Yes, sir.

Q. This file, I take it, discloses that you were retained first by whom?—A. The Dominion Securities Corporation.

Q. And later by the Beauharnois company?—A. Well, it just seemed to be a process of evolution. I was passed on, no separate correspondence, I think.

Q. And your retainer, I take it from the correspondence, was to be that of parliamentary agent?—A. Parliamentary agent, and departmental, because, as you will notice, I filed papers.

Q. Your particular duty appears to have been to file the application?—A. Yes, sir.

Q. And various other documents, with the departmental officers?—A. Yes, sir.

Q. You appear also to have interviewed certain persons in connection with the matter?—A. Yes, as you will see by the first letter from Mr. Steele of the Dominion Corporation, to keep a general eye on all power developments going on here and report what was going on.

Q. You rendered your bill?—A. I did.

Q. And I see by the correspondence that it was paid?—A. It was, without demur.

Q. And did you receive any moneys from anybody in connection with this matter other than the amount of your fee as disclosed by this correspondence?

—A. Everything I got is disclosed by the papers before you.

Q. Did you receive any moneys to be passed on to anybody else?—A. No, Mr. White, not a cent.

Q. Do you know of any moneys having been paid to anybody in connection with this transaction other than to yourself for legal fees?—A. For legal fees?

Q. Yes?—A. No, I do not know of any; there were other counsel engaged, Mr. White, and I have no doubt they were paid.

Q. I mean moneys for other than legal fees?—A. Oh, no, nothing, nothing.

Q. We may take it from you that you have furnished me with everything you have in connection with this matter?—A. Yes, with the exception of a few printed forms, such as I think you already have, the memoranda which were distributed generally to the members, which I can give you if you want them, typewritten or printed, I forget which. That is all the correspondence, everything there.

Q. And your first communication apparently was on the 13th October, 1927?—A. I think that is the date.

Q. And your bill appears to have been paid on the 24th April, 1929?—A. Yes, sir; it covered two years.

Q. On that occasion you were going away, and usually—A. It is a time to get—

Q. A good excuse to collect?—A. Yes; that is why I go away.

Q. What would you say as to whether you used any influence which you have, be it great or little, to influence any members of the Privy Council in the passing of the order in council approving of this project?—A. Well, Mr. White, I can say I could hardly flatter myself to that extent.

Q. Suppose I flatter you?—A. Well, it would be quite like your kindness. But no, I think I may say "no" to that question, Mr. White.

Q. There is just one letter here addressed to Mr. Griffiths?—A. Yes.

Q. November 19, 1928, in which you say, "I had what I considered a very important interview with a gentleman very highly placed, recently"—A. Yes.

Q. —"but I do not want to talk about it on paper"?—A. Yes.

Q. —"it is not of a pressing nature, but the next time you are in Ottawa, I would like you to come to see me so I may discuss it with you"?—A. Yes.

Q. Do you remember?—A. The circumstances?

Q. Yes?—A. Not a thing about it, Mr. White. It is dated November 19, 1928, which you see, is more than two and half years ago. Naturally, like yourself, I meet a great many people. I have not the slightest idea to whom reference was made there. I cannot recollect it at all, nor the nature of the interview, but evidently I had an interview, no question about that.

Q. Some friend at court?—A. Oh, possibly so, yes, very likely.

By Mr. Morin:

Q. In your letter, dated November 9, 1928, you say that the Minister of Railways and Canals seems to be leaving matters pretty largely in the hands of John Elliott. Who is John Elliott?—A. He was at that time the Minister of Public Works, and the two departments were concerned in this application, and I was one of the Ottawa solicitors, Mr. Greene being the other, who was filing papers in these two departments. I represented the Beauharnois company.

Witness retired.

ROBERT ALEXANDER CECIL HENRY, called and sworn.

By Mr. White:

Q. Is your name Robert?—A. Robert, sir.

Q. You are occupying what position with the Beauharnois Power Corporation?—A. Vice-president and general manager.

Q. Do you occupy any position with any subsidiary of that company?—A. I occupy a similar position in the subsidiary companies.

Q. What are the names of them, if you please?—A. The Beauharnois Light, Heat and Power Company, the Beauharnois Construction Company, the Beauharnois Land Company, and the Beauharnois Transmission Company.

Q. What about the Marquette company?—A. The Marquette? I am not an officer of that company.

Q. Not an officer of the Marquette company?—A. No.

Q. Are you a shareholder of the Marquette company?—A. No, sir.

Q. You are a shareholder of the Beauharnois Power Corporation, I understand?—A. I am.

Q. A holder of 8,000 shares, class A shares?—A. I am a holder of not quite that, I should think I purchased some 8,995 shares, and some shares on the market subsequently to that. I do not recall just how many I have at the moment.

Q. Have you sold any shares?—A. Have I sold any shares? I do not believe I have. I think I have got all the shares that I got originally.

Q. And as general manager I assume that you have informed yourself as to the financial affairs of the company?—A. I informed myself to a degree about the financial affairs of the company.

Q. And perhaps in a greater degree with the physical features of the project?—A. Yes. I might say that the financial affairs of the company had been pretty well searched out before I joined it. My efforts have been primarily directed towards the construction program.

Q. And in what particular way? I understand that there is a gentleman down there who is construction manager.—A. Yes, sir.

Q. Is he under you?—A. Yes; he takes his direction from me; he is a vice-president of the Beauharnois Construction company.

Q. His name is what?—A. F. H. Cothran.

Q. Generally known familiarly as Frank?—A. That is the one.

Q. Just so it may go down on the notes and at the chance of some repetition, would you, in as few words as possible, describe the physical features of this project, starting at Lake St. Francis?—A. Hungry Bay. May I go to the map?

Q. Have a little mercy on the straining ears of the reporter.—A. This project divides itself into three categories; first the works that are involved in the river proper, second the works that are involved at the inlet at Lake St. Francis, and at the outlet at Lake St. Louis, and third, those works which fall in between—

Q. May I suggest a subdivision of the third will be one having to do with power, and the other with navigation?—A. One having to do with power—I was going to deal with that—as to the first, the features involved in that property are a two-fold kind, works which relate to the maintenance of the level of Lake St. Francis and permit of the diversion of water through the Beauharnois canal; second, those works which fall within the category of remedial, in the sense that they fall in the river proper, and relate to the works required to maintain the level of water so that the Cedars Rapids plant and other plants there will not be affected by the diversion.

Q. And the location of these is, roughly, at the head of the Cedars Rapids—A. The location of these—I would just like to explain that—influences the downstream navigation—

Q. Rapids and navigation?—A. Rapids and navigation—for six or seven feet, depends upon the stage of the river—as to these remedial works, it was necessary in dealing with the problem to co-operate with the Montreal Light and Power Company. When I became general manager, I found an arrangement had already been made for an appointment of a board consisting of Dr.

Hogg, R. S. Lee, and Mr. Scovil. The two companies left it to that board of engineers to decide the nature of the works that was necessary to safeguard the Cedars and of course—

Q. That is, without reference to any departmental engineer?—A. They had no reference, but at that stage, as you will see by the order in council, that that was considered to be a matter for the Quebec government to deal with; and, of course, the Montreal Light, Heat and Power Co., had a lease. It is true it was approved under the Navigable Waters Protection Act. But, from the standpoint of the company, it seemed that the Federal Government were not interested in it except to the extent that the structure involved might fit in with the remedial works necessary to provide for 7 foot navigation or down-stream navigation.

Q. Would not that necessarily be so?—A. Well, I mean in the preliminary stage; until these engineers had agreed what was necessary to be done to safeguard navigation it would be useless to go to the Department of Public Works.

Q. Until the two companies—A. Until the two companies had come to an agreement. That work, by the way, is well under way.

Q. That is, three engineers you have named have not yet agreed?—A. They have not yet agreed on a thing that would satisfy navigation as well. They have come to the first stage of the development. They know what would satisfy the Montreal Light, Heat and Power Co., or rather the Cedars Rapid, but that has not been fitted into the navigation side of it yet.

Q. Therefore, so far as that portion of the project is concerned, no final, definite plan has been submitted to the Department of Public Works?—A. Correct. That is one of the reasons why in the submission made on August 22, 1930, that part of the works was not shown.

Dealing now with the second division of these works, namely, the inlet and the outlet. The problem there involved two departments. It involved the Department of Railways and Canals because of the ownership which that department had in the Hungry Bay Dyke. It also involved the Department of Public Works under the Navigable Waters Protection Act because the company had an emphyteutic lease from the Province of Quebec of a part of the foreshore, and it was necessary to cut into Hungry Bay Dyke by doing dredging out into the lake to a certain extent to let the water come in.

Q. Just there, and interjecting for fear I forget it at a later stage. In the absence of remedial works could you tell us to what extent the withdrawal of 40,000 cubic feet per second would lower Lake St. Francis?—A. In the absence of—

Q. In the absence of any remedial works?—A. Control works I think you refer to. I do not believe I can answer that question, Mr. White. I have not got it in mind.

At the lower end the problem really developed into two categories also,—the dredging down in the lake here (indicating on plan) which was necessary to discharge the water.

Q. That is, provision for a tail race.—A. Provision for a tail race, and the consideration of that powerhouse as a dam. That power house besides acting as a power house was intended as a dam to hold back the water, and its structural stability was a factor in which the Department of Public Works was naturally interested. Now, the structural stability depends primarily upon the nature of the foundations. You have first of all got to determine the kind of foundations upon which you are building your structure and that, of course, is varied almost every 100 feet depending upon the character of the rock that was underneath, so as to avoid the danger of fissures and things of that kind.

Q. By the way, is that a stratified rock?—A. It is a Possdam sandstone. It is a sedimentary rock.

Q. And not a stratified rock?—A. I think perhaps in places it might. It has certain strata. I am probably wrong in saying it is not entirely stratified.

Now, the next feature was the canal itself. The canal divides itself into several features of interest. First, there is the channel required for navigation. The order in council provides that it shall be 600 feet wide on the bottom and it shall be 27 feet deep. The construction of that is at low water.

Next, there is the north embankment. That embankment is of considerable importance because it is the embankment which flanks the navigation channel. It is the one that they use as a guide. The south embankment, from a navigation point of view, is not so important.

As part of this problem also we have bridges. That bridge question involved a great deal of difficulty. In the first place it was necessary, before coming to the Department of Public Works—although we did have discussions with them—to make an arrangement with two railways—the New York Central and the Canadian National at that point (indicating on plan) the Canadian National at this point (indicating on plan) and the New York Central at the point—

Q. The New York Central and the Canadian National being about 3,000 feet from the eastern entrance?—A. Yes, about a mile I would say.

Q. And the one in the centre is?—A. The Canadian National.

Q. And the one towards the west?—A. The New York Central. This is a line the ownership of which is vested in the Canadian National but leased to the New York Central.

Q. That is the easterly one?—A. The easterly one. It took almost a year to complete the negotiations with the two railways as to the type of construction and location of those bridges. Following that it was necessary to consult with the municipalities as to the rearranging of roads and as to the crossings of this canal, and an adjustment was finally made with the municipalities whereby at the westerly end the highways were concentrated in a combination bridge, highway and railway bridge, on a diversion of what was known as the Larocque road.

Q. Just before we leave that. Did that include the substitution of the Larocque road for the road which is now on the dyke?—A. Under the provisions, or under the conditions of the Resolutions passed by the Municipal Council, all these roads that are seen or that are shown in broken lines were closed, and the other ones shown in black lines were substituted for the ones closed. This is the Canadian National Bridge.

Q. That is, the centre one?—A. In the centre of the canal. That bridge was combined with a highway bridge also at the same point, and there is another crossing just below the power house. That is the main road to Valleyfield.

Q. That is a highway crossing?—A. That is a highway crossing. Other than that there are no bridge crossings. Negotiations with the various municipalities took upwards of five months.

Q. Before we leave that, do you know who, as a matter of fact, maintained the highway on the dyke?—A. Well, you say as a matter of fact. It is my impression or my understanding, that the road along Hungry Bay Dyke was maintained by the Department of Railways and Canals, and it was necessary for the Company, because of the fact that that road had been used as a public highway for a great many years, to first obtain from the municipalities their consent to its closing before really you could consistently expect the Department of Railways and Canals to consider closing.

Q. Well, has that consent been obtained?—A. No consent has yet been obtained from the Department of Railways and Canals.

Q. So that so far as the Hungry Bay Dyke road is concerned and its diversion to the combined bridge over the canal, for the crossing of the westerly three crossing, that depends, does it not, upon receiving the consent of Department of Railways and Canals?—A. It does. It has not yet been closed as a road.

Q. I thought that was done since last Wednesday?—A. It has not been closed as a road. From the standpoint of the Department of Public Works, and their interest in the canal proper as a practical proposition, they are interested in this navigation channel—the north embankment, the curvature of the canal and the stability of the power house, as well as the number of the bridges and the location of those bridges in relation to the navigation channel, and the foundations. That is to say, the company is obligated to place or to construct the sub-structure upon which later the government will place the super-structure.

Q. Just before you leave that. I assume that the Department of Railways and Canals will be vitally interested also in the facilities for opening and closing those bridges?—A. Well, that may be true. From the standpoint of the company, however, the medium through which the conditions of the order in council are to be supervised and imposed is the Department of Public Works.

Q. Let me understand it. Are the Company building the three bridges?—A. Oh, yes.

Q. Completing the bridges?—A. The company under the supervision of the railways concerned, under the supervision of the Highways Department of the province of Quebec, the Public Works Department of the province of Quebec, and under the supervision of the Department of Public Works, Ottawa, is building those bridges.

Q. And not of the Department of Railways and Canals?—A. And not of the Department of Railways and Canals.

Q. Well, if this becomes a navigation canal it becomes then directly, I assume, under the Department of Railways and Canals?—A. Well, so far as the company is concerned, the medium through which the operation of the order in council is made is the Department of Public Works. It is perfectly true that the company has to obtain the authority of the Department of Railways and Canals to interfere with the Hungry Bay Dyke.

Q. Well, keep away from that for a moment?—A. But, so far as the other divisions of the order in council are concerned that is, the restrictions as to navigation, etc., location of bridges, it has been by understanding that we are responsible to the Department of Public Works and not the Department of Railways and Canals.

Q. Well, what I want to get at is this, Mr. Henry: Someone is vitally interested from the public standpoint, the standpoint of navigation, in seeing that these bridges are of a type and design which will operate so as to interfere as little as possible with navigation?—A. Quite.

Q. And so as to render their opening and closing effective from the standpoint of danger to navigation?—A. Well, upon that point I might say that it is the company's understanding that the types of bridges which the government intend to put there are of the same type as has been used on the Welland Ship Canal.

Q. And it is the Dominion Government who are to build—A. The super-structure.

Q. It is the Dominion government who are to put the super-structure there and not the company?—A. And not the company.

Q. That is, at a time when the canal is to be used for navigation, if at all, the bridges are to be constructed by the Dominion government?—A. I imagine so, yes.

Q. And what they are concerned with at the present moment is, that the sub-structures are such as will enable them to super-impose the bridges when the time comes?—A. Right. I might say in that connection that the foundations for the piers upon which the lift span is to be supported are a matter of considerable concern to the government, and an arrangement has been made

whereby Messrs. Montsarrat and Pratley, Consulting Bridge Engineers, are consulting with the engineers of the Beauharnois Company with a view to advising and looking after the interests of the Department of Public Works in the foundations. The nature of the foundations cannot be discovered until the ground is uncovered. It will be uncovered by a coffer dam or caisson of some kind.

By Mr. Montgomery:

Q. Those two gentlemen have been designated by the Department of Public Works?—A. They have been designated by the Department of Public Works to consult with our engineers. That is not a matter, gentlemen, that is possible of determination before the foundation itself is uncovered.

By Mr. White:

Q. And until navigation opens in this channel the bridges will be rigid?—

A. Yes.

Q. Then the lift bridges will be substituted for the solid ones?—A. Substituted, yes. Well now, you will observe that the embankments are shown at 3,338 feet apart, I think. I am speaking there from memory.

Q. There is one report which shows 3,308 feet?—A. It would vary a little, however, dependent upon the slope.

I might say that I had nothing to do personally with the decision to make that width, but after joining the company I found that the engineering investigations upon which that was based were based upon building those sufficiently far apart to take the reasonable capacity of the river.

Q. Meaning thereby the whole available flow of the St. Lawrence?—A. Meaning thereby the economic flow when I say that.

By Mr. Jacobs:

Q. How do you propose to take care of the Soulanges Canal when you have what you call the whole flow of the St. Lawrence? I am asking as a layman. I do not know anything about engineering?—A. Well, the control of the flow will be governed by these remedial works, or these control works here. (Indicating on plan).

By Mr. White:

Q. At the head of the Coteau Rapids?—A. At the head of the Coteau Rapids, and it is quite a simple matter just to let enough water go through the present Soulanges Canal if the government desires to maintain 14-foot navigation. The amount required is somewhere on the order of 3,000 cubic feet a second. It would be less than that, I should think. The amount required to maintain 14-foot navigation through the Soulanges Canal would be rather significant in volume.

By Mr. Jacobs:

Q. A fourteen-foot channel?—A. Fourteen-foot channel.

Q. And this new canal is a 27-foot channel?—A. This new canal is 27 feet.

By Mr. White:

Q. In width. Did I understand you to say that the power requirements—the present power requirements of the Soulanges Canal were 3,000 cubic second feet?—A. I do not recall the precise wording, but my understanding is that it is the surplus flow, and I understand that the amount that they count on is approximately 3,000 cubic feet a second.

Q. And in addition there would be the requirements of navigation?—A. Yes, in addition to that there would be the requirements of navigation.

Q. Which, as I understand you to say is not a considerable amount?—A. They are not a considerable amount. It depends entirely upon the amount of traffic that goes through and the number of lockages.

Q. Have you any data showing the average lockage?—A. Well, I cannot recall. I am only speaking from memory. I think, perhaps, it would be better not to.

Q. Then we will leave that. Will you tell us whether or not your canal of 3,308 or 3,348 feet, as the case may be, is sufficient if dug out to 27 feet across its whole width, to take the whole flow of the St. Lawrence River?—A. No. It will have to be a lot deeper than 27 feet.

Q. At 27 feet for the whole width, what will be the capacity—at 2.25 feet per second velocity?—A. I will have to make a calculation. I wish I had my sliding rule.

Q. Don't bring out a sliding rule or I will leave the room.—A. Just slightly over 200,000 cubic feet a second.

Q. And the total flow of the river normally, as I understand, is 220,000?—A. It was 223,000 when we were out there the other day. I believe that 50 per cent of the time the flow is in the vicinity of 230,000 cubic feet a second.

Q. I see. Then perhaps another simple calculation would let us know how deep it would have to be to take care of 220,000 cubic second feet?—A. Well, 220,000—take the whole flow, I think it would require to be about $33\frac{1}{2}$ feet deep. But remember that depends somewhat upon the slope. It would vary a little from place to place because of the necessity to flatten the slopes.

Q. The slope of the embankment?—A. The slope of the embankment and the slope of the excavation also, that is below the surface.

Q. Then, before we leave that particular phase of it, is it not a fact that your own power-house—the building itself is so designed as to be enlarged readily so that units may be added if permission is obtained to utilize 200,000 cubic second feet?—A. Yes. This power-house is so located that it can be extended at a northwesterly direction, and a sufficient distance to put through the installation of 50,000 h.p. unit to develop the whole 2,000,000 h.p.

Q. The whole 2,000,000 h.p.?—A. Yes.

Q. You estimate, I understand, with 200,000 cubic second feet, or thereabouts, that 2,000,000 h.p. can be developed?—A. Oh, no.

Q. How many?—A. 2,000,000 h.p. would give 200,000 second feet, or it would give you approximately 1,600,000 h.p. That is, 24 hours power if the flow always equals 200,000, but it does not always equal 200,000; it sometimes goes as low as 180,000.

Q. With a 85 per cent load factor— —A. Well, from a commercial point of view it depends upon how you are selling your power. If it is at 85 per cent, it is one thing; if it is at 75 it is another.

Q. Your present contracts are 85 per cent?—A. Our present contracts for 400,000 h.p. are 85 per cent.

Q. 200,000 cubic second feet, would develop, under the conditions which your named, 1,600,000 h.p.?—A. I have to qualify that to this extent: that based upon an 80 foot head—and there the certain seasons of the year when it is impossible to obtain an 80-foot head—either high water conditions or low water conditions make the head vary as much as 3 or 4 feet.

Q. Is your present tail race being excavated to take care of 200,000 cubic second feet?—A. 200,000, no. The present tail race is being excavated, I should say offhand, to take care of perhaps 60,000 cubic second feet.

Q. The enlargement of it, of course, is a matter simply of further dredging or blasting?—A. The practical method of doing that would be to leave a little island in here, and build an entirely new tail race. If you do not do that you

will be under the necessity of making a rock excavation under water, and it would be rather expensive. So, rather than do that we leave an island in here and excavate your rock as far as possible in the dry.

Q. May I take it that provision is being left for that enlargement if it becomes advisable?—A. Yes, the scheme at present in mind—it can be worked out to have two additional tailraces of the same size, or substantially of the same size as the existing one.

Q. This will be an animal with three tails?—A. Yes; right.

Q. Then coming to the entrance. The plan which you are looking at shows that the entrance to the canal is, I take it, about four thousand feet?—A. I have not measured that, but I should think, diagonally, it means four thousand feet—it is almost forty-five hundred feet.

Q. Almost forty-five hundred feet. While we are at it, application has been made to the Department of Railways and Canals for conveyance of the dyke—the Hungry Bay dyke—to the Beauharnois Company of land of a width somewhat in excess of forty-five hundred feet. I figured it out the other day with Mr. McLachlan at nine thousand and some odd?—A. I do not recall the exact length of the roadway for which the application has been made; but it is the intention of the company at any rate to try and get it from the intersection of the old St. Louis pier down to the location of the new one.

Q. The location of the new what?—A. The new diversion, the St. Louis diversion. Practically, I mean, within the limits of the property which the company owns.

Q. Meaning thereby that the company does own land very much in excess of the width of the actual canal?—A. Oh, yes; that land was purchased because of the large quantity of material which was required to be disposed of by hydraulic process.

Q. I suggest also, in view of possible industrial development?—A. Yes of course.

Q. It is hoped, I understand, that this land will become quite valuable?—A. Yes, quite.

Q. That is, when it has the 1,600,000 h.p. developed. Of course, it cannot become very valuable under present conditions?—A. We are in the process of making ground out of it.

Q. But, industrially, of course, it would depend upon the development of power in excess of 500,000 h.p.?—A. Well, that is correct; yes.

Q. Because your contracts already call for 400,000 h.p.?—A. Right.

Q. And which are not for utilization upon the ground?—A. That is right.

Q. Could you give us a rough estimate of the amount of land owned by the company outside of the embankments?—A. The total amount of land is in the vicinity of 28,000 arpents. An arpent is slightly less than an acre.

Q. 41,000 square feet?—A. 39,000 odd square feet. I think that the amount of land required outside of the embankments is in the vicinity of 9,000 acres, and that is simply from memory. I am subject to correction.

Q. It seems to me I have seen some figures on that?—A. That is as near as I can remember.

Q. That is near enough for my purpose at the present time. Then you spoke about the new St. Louis Feeder. Would you indicate on the map where the present St. Louis Feeder is?—A. The new St. Louis Feeder commences from a point approximately 7,300 feet from the intersection of the north embankment of Hungry Bay dyke.

Q. That is the north side of the north embankment?—A. No it is the centre line.

Q. And where is the new St. Louis feeder?—A. That is the new one I was speaking of.

Q. Where is the old one?—A. The old one was approximately 3,000 feet from the centre line of the north embankment.

Q. In a north easterly direction?—A. In a north easterly direction, yes.

Q. 3,000 feet; and what was the other?—A. The other was 7,300 I think.

Q. So that the actual entrance of the feeder—from the old to the new—is a distance of about 10,000 feet?—A. 10,000 feet approximately.

Q. Ten thousand feet southwest?—A. Ten thousand feet southwest.

Q. And there is at the entrance to the old feeder, some sort of head gate?—

A. Yes, a head gate there.

Q. And has the new feeder been actually constructed?—A. The new feeder has been constructed.

Q. And is there a head gate there?—A. There is a head gate there.

Q. And under what authority?—A. There is no authority for the construction of that head gate. Application has been made for the substitution of this new one for the old one.

Q. Then, I take it the Beauharnois company without authority from anybody, has changed the location of this feeder, as indicated by you?—

A. Yes, sir.

Q. And breached the dyke?—A. Yes.

Q. When was that done?—A. Hungry Bay. I would not give you the precise date; it was sometime during the fall of 1930, I should think.

Q. May I take it that the water, which now supplies the power for whatever small industries there are on the St. Louis river, is now being taken through the new feeder?—A. Yes. I do not think there is any power really. I am not quite certain about that; it is a small quantity of water.

Q. The actual capacity is about 1,000 c.f.s.?—A. About 200.

Q. Not a thousand?—A. I do not think so.

Q. No larger than the older feeder?—A. It is supposed to be the same dimensions.

Q. I know, but I would like to know what it is.—A. The maximum—

Q. I wonder why we were not shown that when we were down there the other day?

Mr. JACOBS: We were not looking for 200 feet, we were looking for 200,000 feet.

The WITNESS: The dimensions of that feeder were decided upon after discussion with the Department of Public Works.

Q. Who in the Department of Public Works?—A. Well, Mr. Cameron and Mr. Coutlee.

Q. Just before you get through with that, you say "decided upon." You were, as a matter of fact, doing something which was not authorized by any public authority, were you not?—A. Yes, sir.

Q. Did I understand you to say that that was decided upon?—A. It was decided to do that—

Q. After discussion with Mr. Cameron and Mr. Coutlee?—A. Well, I won't go so far as to say to break through Hungry Bay dyke. I was talking about the dimensions of the canal, the new feeder. The dimensions of the new feeder, and the diversion of the St. Louis river, was, you see, about 5 miles from the St. Francis—

Q. Well, now, put it this way; is it expected that Mr. Cameron will report favourably upon this change?—A. I see no reason to believe that he will not.

Q. Why? Because of the discussions that have taken place, is that why you say that?—A. Because the physical conditions, the dimensions and its relation to the canal, its relation to the industries which are below here, are such as to justify approval.

Q. Why not use the old feeder?—A. The old feeder could not be used because the canal goes clear across it, and will be interfered with by embank-

ments; its course will be interfered with by two embankments which was necessary to make this diversion.

Q. You have lots of water, why not take it from the canal in the St. Louis river?—A. Well, if you did that, of course, you would interfere with construction development, for one thing.

Q. How?—A. The only water in the canal was water required for hydraulic process, hydraulic handling of materials; it is within the 2,000 feet.

Q. This not only affords a permanent withdrawal from the river of the amount of water originally authorized to be taken from the feeder, but in addition to that I might say it permanently provides for the withdrawal of that amount of water, whatever it is.—A. The object of the company in building that new feeder was to replace, as far as it was possible to replace, the condition which obtained from the old one.

Q. But it does provide permanently for the withdrawal of the original amount, of the amount originally authorized through the feeder?—A. Yes, because there are some interests on the St. Louis river who have got to be looked after.

Q. Is all the water presently being utilized for your hydraulic purposes?—A. The water coming through the new feeder is not being utilized for hydraulic purposes.

Q. The present water from the old feeder is— —A. Perfectly small amount of water coming through the old feeder into the channel, which has been dredged, and is being used for the purposes of supplying the water necessary for this hydraulic purpose.

By the Chairman:

Q. Is that water carried across the dyke, Mr. Henry?—A. The water is not carried across; there is an opening in the dyke.

Q. It is carried through in pipes?—A. No, the channel has not been closed yet.

Q. The Hungry Bay dyke?—A. There is a gate, a gate has been installed there.

Q. You dug underneath the roadway?—A. Dug through the roadway.

Q. And it is bridged?—A. Just a little bit; there is a bridge across, yes.

By Mr. Jacobs:

Q. Was that work recommended by Mr. Cameron for approval by the Minister?—A. Well, Mr. Cameron couldn't recommend to cut through the Hungry Bay dyke.

By Mr. White:

Q. So, you just did that?—A. I quite admit that.

By Mr. Jacobs:

Q. What did Mr. Cameron recommend?—A. Well, Mr. Cameron looked over the plans that we submitted, of the dimensions of the canal, and I believe he submitted those plans of the river to Mr. Coutlee to determine whether the dimensions of the canal were sufficient—

By Mr. White:

Q. Not too sufficient?—A. Not too sufficient. We wanted to be governed in that connection by the desire of the department.

By Mr. Jacobs:

Q. Who was the government engineer, the resident engineer in charge?—A. At the moment the government engineer in charge, the supervising engineer, is Mr. Hand, originally it was Mr. Dansereau, and I think Mr. Denis.

By Mr. White:

Q. Before we leave this question of the diversion of the old river, might I point out to you paragraph 71 of the report of the Committee of Engineers, on page 19 of my copy.

Mr. FORSYTHE: Full diversion project, Mr. White?

Mr. WHITE: It is entitled Full diversion project, and it reads as follows:

The Beauharnois Company's application suggests that all the power resources of the Soulanges section might be developed by means of a progressively enlarged overland canal from Hungry Bay to Melocheville, the first stage of which would be the diversion and development of 40,000 c.f.s. at Melocheville. A project of this nature has been laid out according to the standards adopted. It has a capacity of 240,000 c.f.s. under winter conditions.

Now, 240,000 c.f.s. is a much larger quantity than we estimated a moment ago?
A. Well,—

Q. Have you anything to say about that?—A. A large private company dealing with a problem of this kind, naturally in the first instance, at any rate, we would not take at least a flow under winter conditions of 240,000 c.f.s. for a great many years, because—

Q. No, that is hardly the point. All that interests me is the fact that the report seems to say that your plans called for—A. 240,000 c.f.s.?

Q. Yes, under winter conditions, "and in this way it is comparable to the other projects described above"?—A. Well, that seems to be the result of analysis made by those three engineers.

Q. Do you agree with that figure?—A. 240,000?

Q. Yes?—A. No, I do not think I would.

Q. Perhaps you would clear that up sometime?—A. I will try to. At that time the canal was 4,000 feet wide at the bottom.

Q. No?—A. Was it not?

Q. No?—A. I think so.

Q. 3,900? "In the central portion, there would be a wide open channel 27 feet deep and 3,900 feet wide. What I wanted to get at is, whether in the original application as reported upon by those engineers, the objective was, at least provisions was made in the plans, for a canal of sufficient size to take 240,000 c.f.s. at a velocity of $2\frac{1}{4}$ feet per second?—A. I think perhaps a 4,000 foot canal, 27 feet deep, would do that; I would have to check that up.

By the Chairman:

Q. Was it in anticipation ultimately getting that flow of the river with the south bank to be fixed where it was—A. No doubt about that.

Q. There seemed to be a great doubt in the mind of Mr. Cameron, and Mr. Hunter, about that?—A. No doubt in the world, Mr. Chairman.

Mr. WHITE: Then, coming to paragraph 72 of this same report, this is an interesting statement in view of what you said. It says, "In this project, it is assumed that each step would put 80,000 c.f.s. to use for power. It is also assumed that the Cedar Rapids plant would be put out of commission at the beginning of the second stage"?—A. Well, as to that, Mr. White, I will give this explanation; the design of the power house itself as originally contemplated, was such as to permit of the tailrace excavation, the power house excavation and the construction of the frame work of the power house, so that it would be capable of taking 80,000 c.f.s. per unit. That is what the capacity of this plant will be when all the machinery is put in.

Q. 80,000 feet for the first stage?—A. That is to say, the power houses—we are looking at this from the standpoint of power.

Q. It says, "In this project it is assumed that each step would put 80,000 c.f.s. to use for power?"—A. That was the construction placed upon the plans by the Board of Engineers.

Q. By the committee of engineers?—A. By the committee of engineers. Back of the minds of the engineers who designed this project, was to build a power house which, after all, is one of the controlling features in it, in three separate units. That was for convenience.

Q. Quite so.—A. It was estimated that the power house, construction of the tailrace and power house excavating, could be most economically done that way.

Q. Do I understand that the first proposition was to make the first stage 80,000 c.f.s.?—A. Yes; that is the power house capacity itself.

Q. And the second stage 80,000 c.f.s.?—A. Yes.

Q. That would be a total of 160,000 second feet?—A. Yes.

Q. Then, it says,

It is assumed that the Cedars Rapids plant would be put out of commission at the beginning of the second stage.

That is, with the use of 160,000 second feet contemplated, the Cedars Rapids plant would be put out of commission.—A. That, of course, depended entirely upon the result of negotiations of the Montreal Light, Heat and Power Company, the physical facts of the availability of water in the river to those are these. The Montreal Light, Heat and Power Company has the right to use during 12 months of the year, 56,000 c.f.s. and during the season of closed navigation, another nineteen. The Canadian Light and Power Company have the right to use something, an undetermined amount of water, say 6,000 cubic feet a second, and they required for this development down here, and the operation of the Soulanges canal perhaps another 4,000, that would be my guess about it. Now you have got 76 plus 6 plus 4—75 rather—you have got 85,000 c.f.s. that somebody else has got, and that the company would have to negotiate for.

Q. I think it would be more advantageous for the purposes which I have in mind, if you would confine your mental processes to the Cedars Rapids process.—A. Well—

Q. I mean, that is the way my mind is running.—A. It was apparently the opinion of the engineers that you would not necessarily have to close down the Cedars plant until the third stage was reached.

Q. The third stage of what?—A. The third 80,000.

Q. That is not what they say, Mr. Henry. They say,

It is also assumed that the Cedars Rapids plant would be put out of commission at the beginning of the second stage.

A. I do not believe that that is correct.

Q. That is what they say. You do not agree.—A. That is not my opinion. As a practical proposition, it may result that way, but I would doubt it.

Q. At any rate, what they meant to do was, when the 160,000 c.f.s. are used in the canal, the Cedars Rapids plant would be put out of commission.—A. That is what they meant.

Q. At the beginning of the second stage?—A. Well.

Q. That is, after 80,000, the first 80,000.—A. The first 80,000.

Q. In other words, may I put it this way; that when anything in excess of 80,000 c.f.s. is used, they meant that the Cedars Rapids plant would be put out of commission.

By Mr. Lennox:

Q. At what stage do you think it would be; would it be the beginning of the second, or the beginning of the third?

By Mr. White:

Q. If you will allow me, Col. Lennox, you say they are not developing in stages of 80,000 c.f.s. The first development contemplates how much, according to the power house.—A. 80,000.

Q. Oh, it is. I was wrong about that.

By the Chairman:

Q. Did you contemplate drawing off 80,000 as soon as you turned—A. No, we contemplated drawing off nearly 53,000 and 72. That is all we have authority for.

By Mr. White:

Q. What would happen in the world if 53,000 and 73,000 go through?—A. That I cannot say.

Q. How do you propose to regulate it with that degree of nicety.—A. Well, I should expect that the Department of Public Works or some other regulatory authority would station a man down in the works to see that they didn't draw off any more.

Q. That is going to cost something. Are there means by which the water can be measured with that degree of curious nicety?—A. In the first place, you have got an outlet or an intake which will be approximately the dimensions required, that will be 757 feet wide at the bottom, I think, the break through Hungry Bay dyke will be 750 feet wide.

Q. In order to give you a minimum of 50,000 c.f.s.—when I say a minimum, I mean 50,000 c.f.s. at low water.—A. Well,—

Q. They will have to give you an opening which will take more at high water?—A. The velocity will be lower; but, in practice, what will happen is this: that the proper governmental authority will send an officer down to the plant to learn what the characteristics of that plant are, and they will do what we call calibrate. They will calibrate the power and the flow will be regulated in accordance with our demand on the one hand and the calibration curves on the other.

Q. How will it be regulated?—A. The government will have control of the gate openings.

Q. In other words, it will require government men to be constantly on the job there?—A. I would think that it would be desirable to have one.

Q. The fact remains, that unless the gate openings are controlled in that way at times an amount of water considerably in excess of 53,072 cubic second feet could be utilized?—A. Well, it does not make any difference what kind of gates you have got, they have got to be regulated.

Q. I appreciate that, but am I correct in the statement I make, that unless there is regulation of the character which you indicate the works are capable of utilizing water in excess of 53,072 cubic second feet?—A. Oh, yes.

By Sir Eugène Fiset:

Q. What excess?—A. Well, they will be capable of using 8,000.

Mr. CANNON: The provincial lease provides for the flow being checked.

By the Chairman:

Q. Your power plant has been built for that capacity?—A. The power plant is designed so that it could pass 80,000 cubic feet a second.

By Mr. White:

Q. At 2.25 feet velocity per second?—A. Yes, right.

By the Chairman:

Q. And will the channel as presently contemplated, carry more than that?

—A. That depends entirely on the opening.

By Mr. White:

Q. But that opening will have to be wide enough to give you a maximum of 53,072 cubic feet at the lowest water?—A. At low water, quite right. Its capacity would be greater than that at high water if the velocity were 2.25 feet per second.

Q. If you are drawing off more the velocity increases, does it not?—A. If you utilize more at the low stage that 53,000 cubic feet, your velocity at some point—of course, the velocity is also affected by the fact that you have got a large area here down at this end (indicating on plan).

Q. The point is, if your velocity is increased you can utilize through a gap in the dyke sufficient to take 53,072 cubic second feet at low water, at a velocity of 2.25 feet per second; if you increase the velocity you can use much more water?—A. Oh, yes.

Q. And if you do you do increase the velocity?—A. Yes.

Q. So that it becomes a matter entirely of the regulation of your gate openings?—A. Yes, of course, the same condition obtains at Niagara. There does not seem to be any difficulty there in regulating the flow.

Q. I am not suggesting there is any difficulty, Mr. Henry.—A. It is entirely a matter of control.

Q. Of gate control?—A. Gate control.

Q. And that is a matter of fixing the gate openings.

By the Chairman:

Q. Mr. Henry, supposing the breach in the Hungry Bay dyke was the total width of the navigation canal without any control of any kind—

Mr. WHITE: You can control at the head.

By the Chairman:

Q. Yes, particularly at Lake St. Francis. How much water is the canal capable of carrying through.—A. Well, at 27 feet deep it is capable of carrying approximately 200,000 cubic feet a second provided you excavate at 3,000 feet—

Q. I mean the present canal, the 600-foot canal.—A. Oh, the present canal. If you merely breach the dyke and do not do anything else you would only have perhaps a foot of water trickling over this.

Q. If you breach the width of the navigation canal.—A. Oh, I see, the width of the navigation canal.

Q. And let the water come in, without control?—A. It is somewhere between 42,000 and 45,000 cubic feet per second. You mean without any control here.

Q. Without any control at the 2.25 feet per second?—A. At 2.25 feet per second it is capable of carrying between 42,000 and 45,000 cubic feet per second.

By Mr. Lennox:

Q. That is, 600 feet on the bottom?—A. 600 feet on the bottom, with slopes of 3 to 1.

Q. And you purpose having it 750?—A. Well, I might explain that.

Q. On the bottom?—A. Yes, for the 53,000.

Q. Yes?—A. The Department of Public Works under the order in council only have authority to grant an opening which will take 40,000 cubic feet a second, and if there was no navigation limitation they would fix the width at the bottom here slightly less than 600 feet; but on account of the 600 feet being navigation conditions it means that they are 600 feet wide.

By Mr. White:

Q. What I cannot understand, Mr. Henry, is if the Department of Public Works, or the Public Works Departmental engineers take the position that they have only authority under the order in council to permit you to breach, or to put works at the intake which will permit the withdrawal of 40,000 cubic second feet, how they are going to design those works, or consent to the introduction of them there to the extent of 53,072 cubic feet?—A. Well, as a practical proposition, Mr. White, the operation of the power plant here, having regard to the contracts which we have already signed, necessitate an initial diversion of something in the vicinity of 15,000 cubic feet a second, and the contract requirements will increase from year to year. It won't be until the fifth year, or 1935 rather, that you will get beyond the 40,000 cubic feet on the present contract, and it is the company's desire and intention to, at the proper time, make an application to the Department of Public Works—

Mr. WHITE: Dear knows what kind of a government we might have then. Mr. Gardiner might be Prime Minister.

The WITNESS: —for the right to divert that 13,000 cubic feet a second. It happens to be a progressive proposition, and it is not particularly important at the moment to concern ourselves with that.

By Mr. White:

Q. It is sort of putting off the evil day?—A. Well, it all takes time.

Q. Here you have the position, Mr. Henry, which seems to me important, that you have Mr. Cameron, Chief Engineer of the Public Works Department, taking the position that under the order in council he has only the right to permit you at the inlet of your canal to breach this dyke—not to breach the dyke at all but to recommend works there which will permit you to withdraw from the river 40,000 cubic second feet. Your rights apparently, certainly according to the intention of the company, are 53,000 cubic second feet?—A. Right.

Q. So that it will be necessary for you to get the consent of somebody when you come to the point of exceeding 40,000 cubic second feet for additional or further works at the inlet of the canal?—A. Our expectation would be in the normal course of events to have all that cleared up before any water is diverted whatever, and I was just indicating—

Mr. WHITE: Hope springs eternal in the human breast.

The WITNESS: It does not make very much difference from the operation of the power plant if it took years.

Q. Continuing for a moment, your application, of course, was to breach the dyke to the full width of the canal at the entrance from Lake St. Francis?—A. I would not so construe the application.

Q. I do. Wherein am I wrong about that?—A. Well, as a practical proposition it would be a foolish thing to do, to breach the dyke from between those limits.

Q. Between the limits of the embankment, you mean?—A. Of the embankments, yes, with only 53,000 cubic feet a second it would be rather a foolish thing to do.

Q. Why? It would permit the water to enter at less velocity and there would be less scouring?—A. You involve yourself in more work than is justified.

Q. What kind of work?—A. Excavation.

Q. Oh, I see. Then you propose to excavate?—A. As it is necessary.

Q. In stages?—A. Absolutely.

By the Chairman:

Q. Until you finally arrive at the total excavation between the banks as presently located, and then you extend your plant as you exceed the power capacity at Melocheville and Lake St. Louis in order that you can utilize all the water?—A. Right.

The CHAIRMAN: I commend you for your frankness anyway, Mr. Henry.

By Mr. White:

Q. You at one time I understand, Mr. Henry, were employed with the Canadian National Railways?—A. I was.

Q. In what capacity?—A. Director of the Bureau of Economics.

Q. And when did you leave the Canadian National Railways?—A. March 10, 1930.

Q. I see. And you then became Deputy Minister of Railways and Canals?—A. No. I became Deputy Minister of Railways and Canals on, I think it was, the 14th of February, 1929. I acted in a dual capacity.

Q. Let me get that date again that you became Deputy Minister of Railways and Canals?—A. It was February 14, 1929. I am speaking there from memory also, Mr. White.

Q. And how long did you continue to be Deputy Minister of Railways and Canals?—A. Until March 10, I think approximately March 10, 1930, practically the day I joined the Beauharnois.

Q. A year and month in the Department?—A. Yes.

Q. And then you became General Manager of the Beauharnois Company and the subsidiaries which you have indicated in your evidence?—A. Yes.

Q. You know Senator McDougald?—A. I do.

Q. How long have you known him?—A. I do not know that I can fix the precise date, but I should say it was some time after he became Chairman of the Harbour Board of Montreal.

Q. And is that at a time when you were with the Canadian National Railways?—A. I was then with the Canadian National Railways. No. I was then with the Department of Railways and Canals.

Q. As Deputy Minister?—A. No, no. I was Special Engineer with the Department of Railways and Canals.

Q. I see. You had been with the Department of Railways and Canals previously to your joining the Canadian National Railways?—A. I joined the Department of Railways and Canals in 1912 as Inspecting Engineer of Railways and Structures.

Q. And you continued with the Department of Railways and Canals in various capacities?—A. In various capacities, yes.

Q. Until you joined the Canadian National Railways?—A. In 1923, yes.

Q. And I asked you about when you first became acquainted with Senator McDougald?—A. As near as I recall, my first acquaintance with Senator McDougald dated some time in 1922. It related to a committee that I was on known as the Grain Elevator Committee. I think it was about the time that Grain Elevator Committee was functioning that I met him.

Q. Yes. And had you done any work in connection with this Beauharnois project, or any Beauharnois Power project before the year 1925?—A. I had looked over the Soulanges section before 1925.

Q. At whose request?—A. At my own request.

Q. And for what purpose?—A. Well, with a view to seeing whether the power developed in that section of the river was then commercially feasible.

Q. And what was your interest in it?—A. Well, it was a personal interest.

Q. Purely personal?—A. Personal interest.

Q. Did you discuss it with any person else at that time?—A. Oh, yes. I discussed it with Senator McDougald.

Q. I see. As early as when?—A. Oh, I would say as early as the fall of 1923.

Q. And you were then still with the Department, were you?—A. No, I joined the Canadian National Railways on March 1st, 1923. It was not while I was in the Department.

Q. I see. It was while you were with the Railway?—A. While I was with the Railway.

Q. And what was his interest in it at that time?—A. His interest in it was that he backed me.

Q. He backed you?—A. Yes.

Q. In what?—A. Backed me to the extent of being willing to finance me.

Q. Oh, I see. With what in view?—A. With the possibility of developing power in that section of the river.

Q. I do not want to put this at all unfairly to you, Mr. Henry, and please do not adopt my language unless you consider it appropriate and apt; but do I understand that you and Senator McDougald were interested in the development of a power project in the Soulanges section of the St. Lawrence river as early as 1923.—A. I might say that the idea occurred to me, and as I had met Senator McDougald I asked him if he would support me financially in a project if after investigation it turned out to be feasible, in my opinion. I will put it that way.

Q. When I say Senator McDougald, I mean Senator Wilfrid L. McDougald. Then, for what period of time did he finance you?—A. The financing of it could not involve a very great deal. It involved making such engineering investigations that I did not have time to make myself, extending over, perhaps, a period of six months.

Q. And at that time, I take it, you were with the Canadian National Railways?—A. I was.

Q. And naturally the bulk of your time was employed there?—A. Oh, yes; practically all of the time. This was merely a hobby on my part.

Q. And as early as that you had conceived the idea in your mind that you would like to be connected with such a project?—A. Well, the circumstances about that might be described in this way. In 1921 it happened that the International Joint Commission had made their report, and as a result of that report I studied the engineering side of it—that is the Wootton-Bowden report—and I got the idea from studying that and going over the ground once or twice that the Soulanges section presented a site for the development of power which might be interesting.

Q. And having conceived that idea, and having had your interest kindled in the matter, you broached it to Senator McDougald, and, as you say, he financed the expenses in connection with it over a period of six months or so?—A. Yes, I should say.

Q. Then, following the expiration of the six months, what happened?—A. In the interval, or sometime during the six months, the situation had changed to the extent of the International—or rather the government adopting one of the recommendations made by the International Joint Commission.

Q. The Dominion Government?—A. The Dominion Government, and the American Government too, in appointing an enlarged Engineering Board to study the engineering features of the complete St. Lawrence. I knew that it would be impossible to develop any power on the St. Lawrence River—that is between Montreal and Lake Ontario—until that report of the enlarged board came in; so I simply put it aside for the time being.

Q. That report came in when?—A. The report came in, I should say, in 1926.

Q. November 16, 1926. And then what?—A. Well, when that came in I thought the thing over again—when that came in I think I took quite a considerable interest in it.

Q. Yes, naturally?—A. Owing to the legal position of the provinces and the Federal Government on the question which was under review, nothing was done.

Q. That legal position was under review even in 1921, I presume?—A. The legal position was under review in 1921 and in 1923, but I did not pay much attention to it until 1923. The position looked to me as a layman as if the Federal Government might have in mind developing the whole St. Lawrence on some kind of an arrangement with the United States, and later on it seemed as if there was a change in that general sentiment.

By the Chairman:

Q. I assume in 1923, Mr. Henry, you recognized that there would be certain difficulties in developing power in the Soulanges section?—A. Yes, unquestionably.

Q. Not only mechanical but political?—A. Political, absolutely.

Q. And I suppose when you interviewed Senator McDougall you had that in mind too?—A. Well, I do not know that I had that in mind at all. I think I had in mind only getting a little financial support in 1923.

By Mr. White:

Q. Then following 1926, after the report of the Joint Board of Engineers was published, did you discuss that with Senator McDougall?—A. Oh, I think I did.

Q. I see. And did he appear to be interested in it at that time?—A. Well, when that report came in, of course, it caused a lot of discussion.

Q. Naturally?—A. And I am frank to tell you that I did not know what the situation was.

Q. Of course, nobody did; the Supreme Court did not?—A. All I could say about it—

By the Chairman:

Q. You don't know now?—A. I don't know that I do.

By Mr. White:

Q. What was your next connection with this project?—A. You mean with the Beauharnois project?

Q. Yes, I mean generally. I did not mean direct connection necessarily?—A. The next—following 1926, I cannot remember very much about it for a year or so, because everything was then in a maze. I knew generally that there were discussions on it—

Q. Did you make any further investigations before 1929?—A. I did not make any further investigations before 1929.

Q. When did you first learn that the interests of the Robert heirs had been purchased by Mr. Sweezey?—A. Oh, offhand I would say it was sometime in the early part of 1928. I had not met Mr. Sweezey until, perhaps, the middle of the summer of 1928.

Q. I was going to say when was that pleasure accorded you?—A. I knew something of his activities indirectly—

Q. And during, of course, all of this time you had at least an academic interest in this project?—A. Yes.

Q. Did you meet him in the summer of 1928?—A. I think so, yes.

Q. And discussed the question with him?—A. Yes. Not to any great extent.

Q. Its feasibility?—A. I do not know that I discussed its feasibility. I already knew of my own knowledge that the scheme by the south shore was feasible. I do not think I discussed the feasibility with him.

Q. Did you discuss some of the difficulties to be encountered, legal or political?—A. Well, I think I might have discussed with him the question of the provincial side of it versus the federal. I am not sure that I even did that.

Q. What was the discussion? What did you and he talk about?—A. I was interested in the development of that section of the river.

Q. I know. You have always been interested in it since 1923, you have told me, and he has been interested in it to your knowledge at least since 1928, and I would suppose that two people meeting on a project of such importance and in which they were both interested would have a good deal to say about it.

By the Chairman:

Q. At this interview was Mr. Sweezey interviewing you, or were you interviewing Mr. Sweezey?—A. I do not recall that I can answer that even. I might explain, Mr. Chairman, that I was really looking for all the information I could get on everything that was going on in that section of the river.

Q. I think it is fair to assume that Mr. Sweezey was doing likewise?—A. I imagine so.

By Mr. White:

Q. Both were earnest seekers after knowledge?—A. Both were earnest seekers after knowledge.

Q. And with the ultimate object of taking some part in the development of the project so far as you are concerned?—A. As far as I was concerned, I was thinking of the investigation I had made, well, previously in 1923, to see if there was any use in resurrecting the knowledge which I had then acquired.

Q. Any use? You mean something that could be put to practical use?—A. That would perhaps be a way of expressing it.

Q. And I assume with some benefit to yourself?—A. Naturally.

Q. In other words, may I put it frankly this way: that you were very interested in joining the project if it went ahead?—A. In which?

Q. In joining with those who might go ahead with the project?—A. I won't go so far as to say that I was interested in joining in the sense that I am now joined, but I was interested in the project, perhaps, and the feasibility of joining.

Q. And with the hope of making financial gain for yourself?—A. Quite so.

Q. And was it with that object that you interviewed Mr. Sweezey?—A. Well I think it would be perhaps better to put it another way.

Q. Let us put it your way?—A. I rather wanted to see just how Mr. Sweezey was going at the project with a view to determining whether I might like to take an interest in it, or something of that kind.

Q. When you say interest you mean financial interest?—A. Yes.

Q. And then how did you learn that Mr. Sweezey had purchased the Robert rights?—A. How did I learn? I think old Mr. Robert himself came in to see me one day and told me that Mr. Sweezey was interested in it.

Q. And did you learn who else was interested, if anybody, after that?—A. I learned in a general way. I had no direct knowledge of it.

Q. Who else?—A. I believe Mr. Jones was one of them.

Q. Frank P. Jones?—A. Frank P. Jones, Mr. Sweezey. I believe those were the only people I knew positively were interested in it at the time.

Mr. WHITE: It is a question of hearsay evidence, Mr. Chairman, to a great extent, and I do not want to press the matter beyond that. Perhaps I could put it another way.

The CHAIRMAN: Well, go ahead.

By Mr. White:

Q. Did you interview Mr. Jones at this time?—A. I do not think so. I do not recall having interviewed Mr. Jones.

Q. At any time?—A. Oh, not until later than that.

Q. But so far as your information goes from which you would care to speak positively, these were the two persons who at that time you knew to be interested?—A. Yes.

Q. And when you say interested, I assume that you mean interested in obtaining such rights and doing such things as would enable them to build the canal?—A. Yes.

Q. The primary object, I assume would be the power project?—A. Oh, yes.

Q. Was that your idea?—A. Absolutely.

Q. In other words, may we take this as your frank statement, that from first to last your interest in the matter has been from the power standpoint?—A. Unquestionably.

Q. And may we take it that so far as the object of Mr. Sweezy was disclosed to you, that he had the same object?—A. I don't know that I discussed the object with him, but that was my assumption at any rate.

Q. Does that same thing apply to Mr. Jones?—A. Undoubtedly.

Q. In your earlier discussion with Senator McDougall, did that seem—
—A. As far as I was concerned—

Q. As far as he expressed himself to you and financed your investigation, was that with the object—
—A. From a power point of view.

Q. You say you discussed this thing in the summer of 1928. An application was made—

By the Chairman:

Q. When you had this interview with Mr. Sweezy, I presume you would tell him of your earlier interests in the project?—A. I don't know that I did. I would not be willing to say that I did.

Q. I remember from your evidence, Mr. Henry, that by reason of Senator McDougall's interest in the scheme as made before him by you—his having spent some money in it—that you did not or would not disassociate yourself from him at the time you had your interview with Mr. Sweezy?—A. Well, I think that it might be a fair statement for me to make to say that in my discussions with Mr. Sweezy I had in mind, personally, the previous investigations which I had made, and the possibility of their fitting in with what Mr. Sweezy had in mind. I think—perhaps—

Q. It would be natural, I think, to suppose that if you made headway with Mr. Sweezy that you would tie Senator McDougall into the picture, so you would not be in a position of having cast him adrift?—A. Well, that probably was in the back of my mind.

By Mr. White:

Q. Did it come to the front of your mind and find any expression in your discussion with Mr. Sweezy?—A. Well, on that point I think it would be fair to say this, that I was not sure in my mind that the project Mr. Sweezy had in mind, and the manner of it, was such that I would like to subscribe to. I was keeping my ears open and my mouth shut.

Q. What was wrong with the Sweezey matter in the summer of 1929?—
A. I do not know that there was anything particularly wrong with it. I did not know; that was all.

Q. I understood you to say now that his plans were such that you did not care to be associated with him?—A. No. I said, in my approach to him, I had in mind the reservation that I might not want to. I was looking for information as to what he had in mind.

Q. Did you know that he had made an application to the Dominion Department of Public Works?—A. I knew that he had made an application to the Department at Quebec; I do not know that I knew anything about the application to Ottawa.

Q. You have since learned, of course, that the first application was made on the 18th of January, 1928, which was some five or six months before?—A. I might say that Mr. Sweezy did not give me very much information.

By the Chairman:

Q. It is fair to say, in this interview between you and Mr. Sweezey, there was a good deal of quiet fencing going on?—A. There was.

Q. You were trying to get his mind and all he knew, and he, in turn, was endeavouring to pump you dry?—A. Probably.

Q. Neither was willing to give up until there was a showdown. However, it is past one o'clock.

Committee adjourned at one o'clock until 2.30 p.m.

On resuming at 2.30 o'clock.

Mr. WHITE: Mr. Henry has had quite a session this morning. Mr. Jones is here and is very anxious to get back to Montreal.

Mr. STEWART: I should like to ask Mr. Henry a question, if I may.

The CHAIRMAN: Yes.

Mr. HENRY, recalled.

By Mr. Stewart:

Q. Mr. Henry, the navigation canal is 600 feet wide and 27 feet deep. Now, you are going to increase that canal to 750 feet.

The CHAIRMAN: The dyke.

The WITNESS: Yes.

By Mr. Stewart:

Q. 750 feet. What will be the water—A. Well, that would vary, and it would really depend upon the slope—

Q. Approximately?—A. Right at that point—I think I will give you that in a second.

Q. Supposing you breached the dyke 750 feet at the bottom, and you have it 27 feet deep?—A. Yes.

Q. Will that give you provision to enable you to develop full power at your power house, of 80,000 c.f.s.?—A. No, no, only 53,000.

Q. Before you can develop your 80,000 c.f.s. you will have to enlarge the dimensions at the dyke?—A. Yes. My observations this morning were in reference to the description given of the company's intention by the committee of engineers. I believe that in the plan then submitted, the power house and the tailrace arrangement was intended to be on the basis of providing for three 80,000 units, but the 757 width at the bottom will not take the 80,000 cubic feet; that would take 53,000.

Mr. MONTGOMERY: What about the power house?

Mr. MACKENZIE: That is eighty, is it not?

The WITNESS: At the top; that would be 1,014 wide at the top, where it comes through Hungry Bay dyke.

By Mr. Stewart:

Q. Then, when you want to have an extra 30,000 odd per second, you will have to enlarge the breach in the dyke?—A. We will have to enlarge the brach in the dyke.

Mr. MONTGOMERY: And the power house?—A. The power house, the power tailrace, of course, would have to be enlarged, yes.

By Mr. Stewart:

Q. The power house is now ready—A. There would have to be put in two more units to do that, but the power house would be there ready for the installation.

Q. 80,000 cubic feet?

The Witness retired.

FRANK P. JONES, called and sworn.

Mr. WHITE: I am asking my learned friend Mr. Morin to open the examination of Mr. Jones, Mr. Chairman.

By Mr. Morin:

Q. What is your present occupation, Mr. Jones?—A. Manufacturer.

Q. I understand you have been president of the Canada Cement Company?

—A. I was president of the Canada Cement Company.

Q. When did you leave them?—A. I must have left them in 1926 or 1927.

Q. What are you manufacturing?—A. Glass bottles.

Q. What is the name of your firm?—A. The Consumers' Glass Company, Ltd.

Q. I am informed that you have been interested in this project for some time?—A. I was.

Q. When did you begin to be interested?—A. My first—I have always been interested, as long as I can remember. The first active interest really was about 1927. I think it was about a year after I left the Cement people—I must have left the cement people in 1926.

Q. 1927?—A. Yes.

Q. Before this, had you made any enquiry about this project?—A. I had not made any definite enquiries; always knew the river was there, and knew there was different levels; and I think the only man I ever discussed it with from an engineering standpoint, was Mr. Kerry, of Smith, Kerry and Chase.

Q. An engineer?—A. An engineer.

Q. Did you know Mr. Sweezey before?—A. Did I know him?

Q. Yes?—A. Personally?

Q. Yes?—A. Yes, slightly.

Q. You had not been talking—A. No business connection or any talk with him.

Q. How did it happen that you became interested in the deal?—A. Well, Premier Taschereau made a speech in which he said that he was very anxious that copper should be electrically refined in Canada, and that if anybody was prepared to build such a plant, he would lease to him the power; so I saw Mr.

Taschereau, and I asked him if he meant that. He said he did. I said, "All right, I am prepared to form a company, if you lease us the power, and undertake to build an electrical refinery for copper."

Q. At that time, did Mr. Taschereau mention the Beauharnois company to you?—A. No. Then, he said, all right, here is certain power, up north, I think it was, which we would be prepared to lease to you. Well, I said, "It would not be satisfactory. If you are going to put up an electric refinery for copper, and put four or five million dollars in it, you want to have it located in a proper place, if it was going to be any good to myself or to the country." And it was not only for the known then existing mines, which were practically in Noranda in Quebec, but mines that might be discovered, and it also ought to be on the way for western copper. In my opinion the logical place to have such a plant was Montreal or vicinity, and that I would want the power available between Lake St. Francis and Lake St. Louis.

Q. Before that day, you had not met Mr. Henry?—A. Oh, I had met Mr. Henry years ago.

Q. About this?—A. No, absolutely no. I had met nobody about that. I always knew the power was there and I talked with Kerry of Smith, Kerry and Chase about what engineering difficulties may be encountered.

Q. Who brought you in contact with Mr. Sweezey?—A. Well, when I—Mr. Taschereau said there already was an application in, and I asked him who, and he said a group headed by Mr. Sweezey. I then saw Sweezey and we amalgamated, so to speak.

By the Chairman:

Q. What did you amalgamate?—A. I amalgamated just by joining forces with him, putting in money, and—

By Mr. Morin:

Q. What date was that, about?—A. I think that would be the latter part of 1927 or early in 1928; I would not be sure.

Q. Just before the last amendment to the Quebec Act of the Beauharnois Company?—A. It was—they had—they had made an application to Quebec, which had been rejected, and it was before the last one, yes, which was granted, yes.

Q. The last one was granted in 1929?—A. Well, not the last one, no.

Q. Not the last one?—A. It was before the present one under which they started operations, was granted. That was granted the following winter, if I remember rightly, I was in Europe when it was granted.

Q. So, you yourself went to Mr. Sweezey?—A. I went to Mr. Sweezey, as I remember it.

Q. He did not come to you?—A. I do not think so; although it would be very difficult—

Q. At that time, what rights or what control did Mr. Sweezey have over the project?—A. He had not any control, other than he bought all the rights the Robert charter gave him, and had a prior application.

Q. When you met Mr. Sweezey, he at that time had bought the Robert rights?—A. I don't know, I think he had an option on them.

Q. An option?—A. That is my understanding.

Q. At that time was he the only party interested?—A. The only—

Q. The only interested party with Robert?—A. The only one that—Sweezey was the only I dealt with. Of course, I knew he was not financing this out of his own pocket, he had others with him.

Q. You knew he had?—A. I knew Sweezey—

Q. Who?—A. The Dominion Securities.

Q. And others?—A. I don't know who else.

Q. I suppose the Dominion Securities was furnishing the money?—A. No, I would not think so.

Q. To Mr. Sweezey?—A. My idea—when I went into the syndicate I put up my money. My interest in the syndicate was about 12 to 15 per cent, if I remember correctly. I put up my money, and I believe everybody else did.

The CHAIRMAN: We are getting along too rapidly.

By Mr. Morin:

Q. At the beginning you met Mr. Sweezey, and then you decided to amalgamate. Will you give us more particulars about this amalgamation?—A. Yes.

Q. Let us have them.—A. I asked him what his syndicate consisted of.

Q. At that time he had a syndicate?—A. He had a syndicate.

Q. What kind of a syndicate?—A. A syndicate who were putting up the money.

Q. That was the Beauharnois Corporation syndicate?—A. No, it was not the Beauharnois—

Q. Beauharnois syndicate?—A. It was the Beauharnois syndicate as I remember it, yes.

Q. Who were the members of the syndicate?—A. I do not know who the members were. I remember they had 5,000 shares—

The CHAIRMAN: Has anyone got a copy of the syndicate agreement, because we will have to get it sooner or later.

Mr. MACKENZIE: Would you mind letting us have a copy of the syndicate?

Mr. FORSYTHE: Mr. Griffiths has it, and we shall get it from him.

The CHAIRMAN: If you could get it, I think we could get along much more rapidly.

The WITNESS: I remember distinctly I took 800 shares in the syndicate; that was my portion.

By Mr. Morin:

Q. In this syndicate there were 5,000 shares?—A. Speaking from memory, 5,000 shares, in which I took 800.

Q. Shares of one dollar— —A. No, they were not—

Q. No par value?—A. There was no par value, 5,000 units of interest.

Q. 5,000 units?—A. 5,000 units.

Q. You bought 800?—A. I bought 800.

Q. At that time this syndicate had no property whatever except the option on the Robert rights?—A. And a prior application to Quebec?

Q. And the application to Quebec.—A. Yes.

Q. How much money had the syndicate spent at that time?—A. I cannot tell you.

Q. How much money did they pay the Robert people?—A. In speaking from memory again, they agreed to pay the Roberts, what I figured, was over a million dollars.

Q. They had made a cash payment?—A. They had made some payment, I don't know how much.

Q. You must have studied their financial sheet before going in?—A. Why, certainly.

Q. You did not have it for yourself?—A. No, I never did.

Q. You never did?—A. I simply got it, looked it over, decided I would go in, and went in.

Q. How much did you pay for these 800?—A. I paid for that 800 shares—the syndicate required more money by that time—

The CHAIRMAN: I cannot hear you, Mr. Jones.

The WITNESS: I beg your pardon, sir. The syndicate required more money and it came along, and I subscribed for another 800.

Q. Now, wait a moment. We must get this thing so it will be understandable

The WITNESS: I think I will make it clear for you, sir, just in a moment. I think he asked me the total amount of money I put in.

Mr. WHITE: No; he asked you what you paid for the 800 shares.—A. I paid, from memory, I paid \$30,000.

By Mr. Morin:

Q. To whom?—A. Into the syndicate.

Q. Did you buy these shares from the syndicate?—A. From the syndicate, certainly

Q. At that time they had a capital of 5,000 unit shares?—A. Unit shares.

Q. That they were selling to?—A. Different people.

Q. Different parties?—A. Yes.

Q. You do not know how many shares you subscribed to at the time out of 5,000?—A. How many I subscribed to?

Q. How many were subscribed at the time you came into the syndicate?—A. I cannot tell you from memory, and I cannot—

Q. You have not the books here?—A. I have no books that will show that.

Q. No? So you bought 800 shares from this syndicate out of 5,000?

Mr. LENNOX: Units.

Mr. MORIN: Out of the 5,000?—A. Yes.

Q. You paid thirty— —A. \$30,000.

Q. And then the money went— —A. Into the syndicate.

Q. Into the syndicate?—A. Yes.

Q. I suppose the syndicate was increased later?—A. Yes, it was increased.

Q. To how many shares?—A. Well now, I cannot recall, but it got up, if my memory is correct, to 25,000, and I bought a further 800 and my—then there was more, and my total investment—

By Mr. White:

Q. How much did you pay for the second 800?—A. I just cannot recall. The total amount I put in was \$190,000 and took liability for \$100,000.

By the Chairman:

Q. So you put in, directly or indirectly, an amount of—

The WITNESS: \$290,000 is the total sir.

By Mr. Stewart:

Q. How many shares?

The CHAIRMAN: Again we are getting ahead of ourselves. If I may interrupt for a moment—probably I am not following this as well as I should. You do not know how many shares of the 5,000, unit shares of the syndicate were subscribed for and paid for when you came into it?—A. Well, I do not sir.

Q. You do not know now?—A. I have no record of it, so I do not know.

Q. After an interview you had with somebody, I presume Mr. Sweezey, you bought 800 share units?—A. Yes.

Q. For \$30,000?—A. Yes.

Q. At what price were the units fixed by the syndicate when you bought?—A. My recollection of that is, I paid into the syndicate exactly the same as Sweezey's cost him.

Q. Were you paying the same as the public for the units?—A. There was no public at that time. It was just a few individuals, sir.

Q. I see.—A. But it became—but later on it became public.

Q. From a legal sense, it was public enough.—A. It was a—

By Mr. Morin:

Q. I suppose you followed meetings?—A. Of the syndicate?

Q. Of the officers?—A. Oh, yes.

Q. You attended at those meetings?—A. Yes. I was made syndicate manager, one of the joint syndicate managers for a time.

Q. That was in 1928?—A. This was the latter part of 1927 or the early part of 1928. I could not be sure which. I think it was the latter part of 1927.

Q. Who were present at those meetings?—A. Well, at the meetings of the syndicate managers were Sweezy, Griffiths, Steele, and myself. I think that is all.

Mr. MONTGOMERY: Steele was from the Dominion Securities?—A. Steele represented the Dominion Securities.

By Mr. Morin:

Q. Mr. Griffiths was a member of the Norman Sweezy Company?—A. Yes.

Q. So it looks like it was all Mr. Sweezy's people except you?—A. No.

Q. No?—A. No.

Q. The Dominion Securities were bankers of Mr. Sweezy?—A. No, the Dominion Securities were members of the syndicate, the same as I was, and Mr. Sweezy, as I understand it.

Q. I understand you paid the same price as did Mr. Sweezy?—A. On the first 800 shares I paid I believe, exactly the same price as Mr. Sweezy's shares had cost him.

Q. Well now, what did you do with this syndicate? What happened to it?

—The CHAIRMAN: Before you get to that,—

Mr. LENNOX: Just one second. You say you paid the same price as Mr. Sweezy.

The WITNESS: That was my understanding.

Q. Whom did he pay?—A. Into the syndicate.

Q. I see, into the syndicate.—A. The syndicate units that I purchased, sir, I did not purchase from any individual. I purchased what you might call treasury units, and the money I put in went into the syndicate for necessary expenses.

Q. You did not purchase from Sweezy?—A. No sir, I did not.

The CHAIRMAN: Just along that line, Mr. Jones, I should like you to try to tax your memory in the absence of there being syndicate books. When you went into it first, the syndicate was divided into 5,000 units.—A. That is my recollection. I may be wrong in that.

Q. You have mentioned the word "treasury". How many were treasury units?—A. That, sir I cannot tell you. The records will have to clear that up. How many of these had been issued, from memory, I cannot say.

Q. Well, I imagine, if my experience is worth anything to me, that some units were given to those who were promoting this, and that probably very properly given to them.—A. Undoubtedly.

Q. Before that, you started to tell us you saw nobody else?—A. Yes sir.

Q. Now I should like to know have you any idea how many share units were given. Before they started to sell to anybody, how many share units were given, and to whom they were given?—A. I cannot recall that sir; but I can answer it only in an indirect way. I did not over that, and I figured that Mr. Sweezy's units had cost him the same rate that I paid for my 800.

Q. Were there any share units given to anybody out of this 5,000 for their promotion rights or—A. I cannot answer that question sir.

Q. Well, it strikes me as being remarkable, if you put in \$30,000 in a syndicate, and if you did not know how much plunder there was in it, so to speak,—

Mr. JACOBS: That is a term which is not known in Mr. Jones' lexicon.—

A. No. I satisfied myself, sir, that the syndicate was a good one.

The CHAIRMAN: I am not complaining about that.

The WITNESS: I do not want to be any more stupid to you sir, than I am.

Q. The stupidity may not be all on your part?—A. I am satisfied everything was right; that the syndicate had got a certain amount of money in it, and had a certain amount in their treasury, so the money I was producing was not going to an individual, it was going to the syndicate. Everything was satisfactory to me. Now, whether anybody else got it cheaper or not, I do not know.

By Mr. Morin:

Q. If somebody was entitled to get it, it would be Mr. Sweezey.

The CHAIRMAN: He doesn't know.—A. I do not know that.

By Mr. Morin:

Q. You say you were satisfied at that time that you were paying the same price?—A. I was satisfied at the time I was getting a fair and square deal. Otherwise I would not have gone in.

The CHAIRMAN: I want to interrupt you once again. Your total investment, when the syndicate affairs were concluded, was \$190,000 in cash money. A. Yes.

Q. And \$100,000 of liability that you had assumed?—A. Yes.

Q. What was this \$100,000 liability?—A. A guarantee to the Bank of Montreal.

Q. For advances?—A. For advances.

By Mr. Morin:

Q. What for?—A. Moneys advanced to the syndicate.

Q. How did they use this money?—A. Expenses were very heavy, consisting of engineering work, and paying for options on land.

Mr. WHITE: And a few lawyers fees?—A. And a few lawyers fees.

Q. Have you a copy of the syndicate?

Mr. FORSYTHE: I have just one, and will be here when Mr. Griffiths gets here.

By Mr. Morin:

Q. I suppose you assisted at those meetings of the syndicate?—A. No, I cannot say I assisted at them.

Q. You attended at meetings?—A. I attended most of the managers' meetings, yes.

Q. This syndicate was organized to bargain with the Robert heirs for their rights in this canal, I suppose?—A. That I cannot answer, because that had been done before I joined up.

Q. Yes.—A. When I joined the syndicate, the syndicate had an option on the Robert rights, and they had a prior application at Quebec which I considered to be substantial, because they had—

Q. You know the conditions of the options from the Robert heirs to the syndicate?—A. No, not in detail.

Q. Well,—A. As I told you, it was something I figured they would have to pay Robert something over a million dollars for.

Q. Plus some shares?—A. No. I think it was about a million and a hundred and fifty something, including shares,

By the Chairman:

Q. Is the syndicate agreement available now?—A. Those agreements are there sir.

Mr. WHITE: I think we had better halt those proceedings until we get the syndicate agreements.

Mr. MORIN: Yes.

Mr. WHITE: It is stabbing in the dark.

Mr. FORSYTHE: You will get them when Mr. Griffiths gets back. He has gone up to telephone.

Mr. WHITE: Mr. Chairman, when Mr. Griffiths comes back I should like him also to produce the syndicate minutes.

The CHAIRMAN: I presume they are available.

Mr. MORIN: I am going to call for them.

Mr. WHITE: I think we had better wait.

Mr. MORIN: We asked for complete files, and complete minutes of those syndicates.

Mr. FORSYTHE: Mr. Chairman, I have been trying to get in touch with Mr. Griffiths. I know that he is putting a telephone call in but I do not know where from. I am told by the proper officials that these minutes and other agreements were in the personal custody of Mr. Griffiths. It may take a little time to get that. I would suggest that we proceed with the examination of Mr. Henry in the meantime.

The CHAIRMAN: I am convinced that we can get along more rapidly if we have those syndicate agreements. With Mr. Jones' evidence being from memory, and the memory not being just as good as it might be, I am sure we would all like to have those documents here.

The WITNESS: I would sooner be sure and give you correct information and go into detail than give you something that may be wrong.

Mr. WHITE: In view of the way in which this examination of Mr. Jones has developed, I think it would be of advantage for my learned friends and myself to have the syndicate and corporate minutes and to have an opportunity to peruse them before continuing the examination of Mr. Jones.

The CHAIRMAN: It would seem that way to me. There is no use going on a fishing expedition.

Mr. WHITE: Unless you have bait.

The CHAIRMAN: When can we get the agreements? After an examination of those agreements and the minutes, as you well know, a great deal of time would be saved, because it would obviate asking a lot of unnecessary questions.

Mr. MORIN: We might ask Mr. Griffiths to file them.

The CHAIRMAN: Mr. Griffiths, could you file copies of the two syndicate agreements with the appropriate minutes of each syndicate, and, if you have available, the stock register if a stock register was kept, and any trial balance of the two syndicates, or probably the balance when they were closed out.

Mr. GRIFFITHS: I am afraid, Mr. Chairman, I have not got those with me here. I have given the auditor for the committee access to the stock register and the balance sheets.

The CHAIRMAN: Where are the syndicate agreements, Mr. Griffiths, and the minutes?

Mr. GRIFFITHS: I believe we have all of them here in Ottawa.

The CHAIRMAN: Well, I am inclined to the view that counsel should see those, and we could shorten this up a great deal. The examination of Mr. Jones will not take long if you have the opportunity first to go through the documents.

Mr. JACOBS: Yes. I think we had better continue with Mr. Henry.

Mr. MORIN: We intend to go into detail with the proper officers.

The CHAIRMAN: He is constantly referring to the syndicate agreements. You would simply have to take him over the same ground again.

Mr. WHITE: I am just wondering about that.

Mr. FORSYTHE: Mr. Griffiths explains to me that the syndicate agreement and the syndicate minutes have already been turned over to the auditor for the government counsel or the committee counsel.

Mr. WHITE: What, the originals?

Mr. GRIFFITHS: They have had access to the originals for purposes of comparison if they wish to compare them. I am willing to certify to the copies that I have as being true copies and permit comparison with the originals. I think that is the simplest procedure.

Mr. WHITE: Do I understand you as saying that you have turned over to Mr. King copies of the syndicate minutes and the syndicate agreements?

Mr. GRIFFITHS: That is the information I have from my staff in Montreal. I authorized them to do so if Mr. King wanted them, and they tell me they have exhibited them to Mr. King. Whether he has them in his possession at the moment I do not know.

Mr. SYMMES: I think you are mistaken in that, Mr. Griffiths. You have turned over quite a lot of documents to him but not those particular documents.

Mr. GRIFFITHS: He was there yesterday. I saw him there myself.

Mr. FORSYTHE: It is not suggested they were given to Mr. King in Ottawa.

Mr. WHITE: Let us settle this matter. Might Mr. Griffiths be sworn.

The CHAIRMAN: Yes.

Mr. HUGH GRIFFITHS, called and sworn.

By Mr. White:

Q. Mr. Griffiths, I understand you are the Secretary Treasurer of the Beauharnois Power Corporation Limited?—A. Yes.

Q. And as such are in charge of the corporate records?—A. Yes.

Q. Including the syndicate minutes?—A. I would rather say, Mr. White, I am in charge of those because of the fact that I was Secretary to the syndicate.

Q. Well, whatever the capacity you are in charge of them?—A. I am still the custodian of those records.

Q. Well, I ask you to produce them, the minute books of the Beauharnois Light Heat and Power Company, the Beauharnois Power Corporation and all its subsidiaries, and the two syndicates.—A. I take it that I may produce them to-morrow morning, or some appointed time.

By Mr. Lennox:

Q. You have the originals here, have you?—A. I believe the originals are in the hotel here. I have not ascertained that to-day.

Q. Well, they could be obtained?—A. If they are here I will be very glad to produce them.

Mr. WHITE: I think we had better have the originals here this afternoon for certain reasons which are fairly obvious, as soon as they can be obtained, and then if they are original corporate records, as they are, copies may be substituted and the originals returned.

By the Chairman:

Q. Of the originals you have at the hotel, will you get those Mr. Griffiths, please?—A. Yes.

By Mr. White:

Q. You understand what I want, the original minutes— —A. Minutes and syndicate agreements.

Q. Minutes of the two syndicates and the syndicate agreements?—A. Yes.

Q. The agreements by which the syndicate assets were turned over to the company, the minutes of the Beauharnois Light Heat & Power Co., the minutes of the Beauharnois Power Corporation and any subsidiaries of that company. —A. All right.

Mr. FORSYTHE: Might I suggest, Mr. Chairman, just at this time—and I am not at all wanting to be quarrelsome in any way—if my learned friends want documents of this kind in a group like this they might give us some notice of it, because it is not very easy to pick those things out at once.

Mr. WHITE: I was to have copies of these minutes a week ago, and I have not got them yet.

Mr. JACOBS: Did you ask for them.

Mr. WHITE: Yes, and was promised them.

Mr. FORSYTHE: All I am suggesting is that some notice should be given to us. I may say that my learned friend did not ask me for them.

Mr. JACOBS: I suppose the proper thing would be for the Chairman to give an order that they should be produced, and that will do away with all those little minor difficulties. I understand, Mr. Chairman, that you have ruled that these be produced forthwith.

The CHAIRMAN: Yes.

Mr. JACOBS: You have your order now, Mr. Forsythe.

Mr. FORSYTHE: Yes, quite.

Mr. LENNOX: I suppose Mr. Forsythe is referring to future applications.

Mr. FORSYTHE: I am only suggesting that notice be given us in advance, to suit the convenience of all concerned and not with any desire to withhold them. It just so that we will be advised beforehand.

The CHAIRMAN: Can we usefully go on with Mr. Jones' evidence now.

Mr. CANNON: I may say that notwithstanding what was said Friday afternoon in connection with documents to be supplied by the province of Quebec, I have had no request from my learned friend. Should there be any delay I do not wish my clients to be blamed for it.

Witness retired.

FRANK P. JONES, examination resumed.

By Mr. White:

Q. Mr. Jones, having been a member of the syndicate when the syndicate assests were turned over, to which company were they turned over?—A. I had left the company by then.

Q. You had left the company?—A. Yes, I had left.

Q. Before the syndicate assets were turned over?—A. Before the syndicate assets were turned over to the Beauharnois Light Heat & Power Co., I had resigned as President of the Beauharnois light, Heat & Power Co.

Q. Now, as a member of the syndicate I would like to have your conception of what the assets of that syndicate were?—A. Well, the assets of the syndicate, of course, were—

Q. You have told us two of them, the prior right or application to the Quebec Government—A. No, no. That had been changed into a grant by the Quebec Government.

Q. A grant to the syndicate?—A. To the Power Company. They had granted the right to a diversion of 40,000 cubic feet.

Q. To the Beauharnois Light, Heat & Power Co.?—A. To them, which was owned by the syndicate. All the shares of the Beauharnois Light, Heat & Power Co., were owned by the syndicate, so while a grant was there, it certainly included that right, whatever value it was.

Q. Well, all right?—A. Is not that clear, sir.

Q. Let it go at that. We understand what you mean anyway?—A. Well, also the diversion of the 40,000 cubic feet had been approved by the Department of Public Works—

Q. Before the dissolution of the syndicate?—A. Yes, sir, in the same manner. Of course, the syndicate then had assets of all the engineering work plans and things they had prepared, and of land—

By Hon. Mr. Mackenzie:

Q. When did you actually leave the syndicate?—A. I left it in July, 1928, I think, and about a week or ten days later I left the Beauharnois Light, Heat & Power Company. When I say I left the syndicate, I beg your pardon, sir. I resigned as Syndicate Manager. I still retained my interest in the syndicate.

By Mr. White:

Q. Then you eventually sold your interest?—A. I sold my entire interest to Mr. Sweezey.

Q. What did you sell?—A. My entire interest in the syndicate.

Q. You spoke a moment ago about leaving the Power Corporation?—A. I was elected President of the Beauharnois Light, Heat & Power Co.

Q. You must have been a shareholder?—A. I was a nominal shareholder only.

Q. You told me a moment ago you were not. Do you mean you had no substantial interest?—A. I mean that the Power Company had only issued qualifying shares. All the rest were held by the syndicate and were really assets of the syndicate. The syndicate were putting up all of the money. The Beauharnois Company put up none at that time.

Q. I do not quite follow you?—A. Well, if you will tell me your difficulty, I will try to help you; but it is so clear to me that I do not see just where—

Q. Well, the Beauharnois syndicate had all of the shares of the Beauharnois Light, Heat & Power Co.?—A. Yes, sir.

Q. And apparently they had all the issued shares of the Beauharnois Corporation Limited?—A. Yes, sir.

Q. They being the qualifying shares?—A. Well the qualifying shares they naturally endorsed over to the officials and endorsed them in blank.

Q. Quite so, but the beneficial ownership was in the syndicate?—A. Yes, sir.

Q. They might have been held by stenographers and others as trustees endorsed in blank?—A. The real ownership was in the syndicate.

Q. The real ownership was in the syndicate, so that up to that time the syndicate owned the Beauharnois Light, Heat & Power Co., and all of the shares of these two companies?—A. Yes, sir.

Mr. MONTGOMERY: I do not think the second company, the Beauharnois Power Corporation, was in existence.

The WITNESS: No, sir. In other words, the syndicate owned everything.

By Mr. White:

Q. I know, but I want to know what everything was. I take it, in view of Mr. Montgomery's correction, that what was owned at that time by the syndicate were the shares of the Beauharnois Light, Heat & Power Co.?—A. Yes, sir.

Q. That is correct is it?—A. That is correct, yes.

Q. Now, we are speaking of the time when you left the syndicate?—A. Yes, sir.

Q. Up to that time the Beauharnois Power Corporation Limited had not been formed, and all that was owned were shares in the Beauharnois Light, Heat & Power Co.?—A. Yes, sir, and the right to divert, and the approval of the diversion had been granted so, also, were assets of the syndicate.

Q. By virtue of the stock ownership of the company?—A. By virtue of 100 per cent ownership.

Q. Stock ownership?—A. Yes.

Q. And that being the position of affairs you sold out to Mr. Sweezey?—A. Well, I do not quite understand the question, sir. I did not sell out on account of that.

Q. No, no, but that was the position of affairs at the time at which you sold out?—A. Yes, sir.

Q. And previously to your selling out I understand there had been some difference of opinion in reference to the financing of the project?—A. Yes, there was.

Q. And Mr. Sweezey and you, I understand, did not agree about that?—A. We did not. We had absolutely different opinions.

Q. What were those differences of opinion?—A. Well, the question of raising that quantity of money and the price——

Q. How much money?—A. It was planned to raise from \$50,000,000 to \$55,000,000. Naturally it is very difficult to have two people, no matter how interested they are, agreeing on the best means of doing it. Now, they took a view. I have no right to criticize their view any more than they have any right to criticize mine. My view was the opposite view to theirs.

Q. What was the difference?—A. Well, in the first place, I wanted all the money raised at once. I did not want it raised half one time and half another. If I was going to be President of that company and be responsible to the shareholders and, I might say to the public; but for the carrying out of this I did not want the work to be interrupted by financial difficulties after we had started. It was a large undertaking and even at the loss of interest I preferred to see the whole moneys raised at once, when they deemed unnecessary and inadvisable.

Q. When you say "they" to whom do you refer?—A. I refer mostly to Mr. Sweezey and the Dominion Securities, both.

Q. As represented by whom?—A. As represented by Mr. Sweezey and Mr. White the President of the Dominion Securities.

Q. Mr. Arthur White?—A. Arthur White. Then again I did not think they were paying enough for the securities.

Q. That who were paying enough?—A. The Dominion Securities and Newman Sweezey to whom they proposed to sell them.

Q. Yes?—A. That again is purely, I think, a matter of opinion. I naturally was working for the Beauharnois Company, and I wanted to get the best price possible for the securities. My honest opinion was that they were not paying enough. Their honest opinion was they were paying all that they could afford to pay. They would not give way and I would not give way.

Q. And what was your idea as to what the securities were worth?—A. I thought the securities were worth 92 or 93, with a very much less bonus on the stock.

Q. And what do you say as to whether you were in a position at that time to have financed the company upon the basis which you suggested?—A. Well now, you are asking a question that you cannot expect a positive answer to because not having done it I cannot say; but my opinion was it could have been financed on a basis which, in my opinion, would have been more advantageous to the syndicate.

Q. Well, did you offer to take the assets over and finance it?—A. No I did not. When we came to an absolute deadlock and it looked as though this project was not going ahead on account of differences of opinion, I said to them Well, I will buy all your shares at a price or sell all mine at a price.

Q. At the same price?—A. At the same price.

Q. What we call up in the country a give and take offer?—A. A give and take offer. Now, they did not agree to that and they called a meeting. They asked for proxies and I sent out and asked for proxies. Proxies were sent in and they had an overwhelming majority and they carried it. The result was they came and said later We will buy your stock or your interest.

By the Chairman:

Q. Your shares in the syndicate?—A. Yes, and I said no, you are too late, you cannot buy mine now unless you buy from every man who gave me a proxy, or at least give him the opportunity to sell. And that is what they did. I sold all mine, and I believe a great many other people sold theirs.

Q. At this juncture, you were on this note to the Bank of Montreal for \$100,000?—A. Yes, sir.

Q. They took care of that, I presume?—A. That was part of the agreement, sir.

Q. They wiped it clean away?—A. Yes. I got the discharge, as far as that is concerned, from the bank.

By Mr. White:

Q. And you say that you sold out?—A. Yes, sir.

Q. How much profit did you make?—A. Is that a question you want me to answer?—A. I made a profit, practically, because I had been in another deal about the same time where I lost \$500,000, and on this I made between \$750,000 and \$800,000.

By the Chairman:

Q. How much did you get?—A. I got—

Q. How much was the total sale price for your units?—A. Oh, somewhere around about \$1,000,000.

Q. The reason I ask you that is it has been rumoured around quite a bit as to the millions you got?—A. Well, that helps my credit, sir. The total amount paid if I remember, speaking again from memory, for mine and the people who gave me proxies amounted to over \$3,000,000.

Q. But individually your share was \$1,000,000?—A. I received about \$1,100,000 or \$1,075,000.

Q. Which cost you \$175,000 in cash?—A. No, that would be my share of that.

By Mr. White:

Q. And that cost you how much?—A. That cost me in actual cash \$190,000 and a liability of \$100,000.

By the Chairman:

Q. Which was wiped out?—A. Which was wiped out on the sale.

By Mr. Jacobs:

Q. So you put up \$190,000 plus the security?—A. I put up \$190,000 in cash and a security to the bank of \$100,000.

By Mr. White:

Q. But you were never called upon to pay on the \$100,000?—A. I never was called upon to pay, no.

Mr. HELLMUTH: Out of the moneys that were paid to him, that \$100,000 was deducted.

Mr. WHITE: He did not say that at all.

The WITNESS: No, no. when I sold for that price the agreement was to take care of the liability and give me the discharge from the bank, which they did.

By Mr. White:

Q. So that the price which you got included a profit of some \$750,000 to you?—A. Clear profit. That was the profit that I got. I got my money back and got rid of my liability.

Q. And your liability to the bank was relieved?—A. Yes, sir.

By Mr. Jacobs:

Q. You risked \$290,000?—A. No, sir.

By Hon. Mr. Mackenzie:

Q. Excluding the bank the profit was between \$980,000 and \$780,000?—A. Something like that.

Mr. LENNOX: Practically \$800,000.

By the Chairman:

Q. Was there anyone else on that guarantee to the bank besides yourself?—A. Yes. The Dominion Securities I believe and Newman-Sweezey each guaranteed \$200,000. The bank loan was \$500,000 secured by guarantee from Dominion Securities Limited \$200,000, and Newman-Sweezey \$200,000, and F. P. Jones \$100,000, not joint and severally but severally.

By Mr. Lennox:

Q. From the time that you put up the \$190,000 until you sold for the sum you have just mentioned what time expired?—A. Well from, oh I would say probably a year and six months, sometime in 1927 to July 1929, practically two years.

By Mr. White:

Q. Did you have any other objection to this financing other than the price?—A. Yes.

Q. What other objections?—A. I wanted all the money raised at once.

Q. Besides those two?—A. And the price, so far as the financing went, that was my objection.

By Mr. Jacobs:

Q. Did you consider that 92 was a pretty good offer for those bonds?—A. Well, of course, the conditions have changed a little. They paid a better price than was offered at that time. What they were offering to buy at that time were bonds, so I think whether it was due to me they changed their opinion and paid the company a little better price than they intended. I think that is it. In other words, the present issue is not, strictly speaking, bonds.

By Mr. White:

Q. Was there not also the objection on your part that Dominion Securities and Newman-Sweezy Company were both buyers and sellers?—A. I naturally raised that point with them, that they were not in as good a position to determine the fair price that I was willing to give them and that they were entitled to as the purchaser of the securities. There was never any question about that. They were buyers and sellers and that might influence their judgment.

Q. Do you remember any of those who gave you proxies at that meeting, any of the individual share owners?—A. I cannot say, but the records will show that undoubtedly.

By the Chairman:

Q. You surely remember some of them, Mr. Jones?—A. I could remember some, but the trouble with that, sir, if I may say is this, if you do not specify completely it is worse than no specification.

By Mr. White:

Q. Do not let that worry you, if you can tell us those who you remember, or some of those, we will be obliged?—A. Well, I really cannot tell you anything that will be sufficient without the records.

Q. Cannot you remember one?—A. Yes, I remember one.

Q. Let us have that one?—A. The Hon. George Murray's son gave me his proxy. I remember that because I remember the old gentleman talking it over with me.

Q. Anybody else?—A. Oh, yes, there were a lot of others.

Q. Do you remember anybody?—A. No, there isn't any as I can formally say, but there were a lot of others.

By the Chairman:

Q. Mr. Jones, these were people that you had influenced to buy these units?—A. No, sir; I never influenced anybody to buy the units.

Q. Whom you asked for proxies?—A. I sent a letter to all the unit holders, and I got a list.

Q. The only ones you took care of were those who trusted in you with their proxies?—A. Absolutely.

Q. You only remember one name?—A. Only that one particular name, and that is caused by having discussed it with a great personal friend of mine, and that is George Murray.

Q. Now, there have been statements made, Mr. Jones, that you made a profit of upwards of from three to three and a half millions upon your departure from the syndicate?—A. No, that is a misleading statement, sir, and it is not correct. I think the foundation for that statement is that the total number that the syndicate bought amounted to that, but as I said before, that included everybody who had given proxies.

By Mr. White:

Q. You mean the total amount of the profit of all those who were associated by proxy with you?—A. Yes, that is not a profit either. That was the gross sales price that they took. From that they would have to subtract the cost.

Q. But in your case—A. In my case \$700,500 or \$800,000 was my net profit.

Q. \$790,000 I think you said?—A. That would be probably correct.

Q. Will you be available at a later date, if necessary?—A. I will have to be if you subpoena me, sir.

Q. I mean you have not any trip in contemplation?—A. Oh, no.

By the Chairman:

Q. What Mr. White has in mind, Mr. Jones, is that we want to suit the witnesses convenience as much as we can, and at the same time not impede the course of the hearing?—A. At any time. I might say I only got your subpoena Monday. I was out of town when it was sent by post. If I hadn't got back on Monday I would not be here.

Mr. WHITE: And I might have had to send the Sergeant at Arms for you?—A. Yes.

By Mr. Hellmuth:

Q. I think you said that the question between you and Mr. Sweezy and the Dominion Securities was in regard to the financing of the project, the raising of finances?—A. That was the great question.

Q. And your view was that fifty or fifty-five million dollars should be raised at once?—A. Yes, sir.

Q. They thought a smaller sum for the time being would be sufficient?—A. That was their view as I understand it, sir.

Q. Was not there a question as to whether the moneys should be raised by first mortgage bonds—was not that rather your suggestion, and their suggestion that it should be raised by collateral trust bonds on the stock of the Beauharnois?—A. Those both naturally were discussed. My recollection of that is that they or the company could not expect them to pay a bigger price. A collateral bond is a real bond; therefore, I was in favour of the whole amount being raised by the bonds.

Q. And, as a matter of fact, they were raising it upon what is commonly termed the junior securities first rather than on the senior security bonds?—A. I would not like to adopt your words junior securities—intermediate security.

Q. I will not quarrel about it. At all events, you would not expect as high a price for securities such as the \$30,000,000 as from first mortgage bonds?—A. Certainly not, and that was the reason why I was in favour of the issuing of bonds.

Q. Yes, I quite understand. Then, as to the project itself: was your departure from the company due to any loss of faith in the project itself?—A. No, sir; and that is, I think, clearly shown by the very risky offer I made of being able to raise money—offering to buy all their interests.

Q. So it was not in any way connected with— —A. The project itself never looked any better in my opinion than it looked at that time. The project itself—of course, we all have different ideas as to how it should be carried out; but I think that they, in the construction, had the right idea.

Q. You have not changed your mind in regard to that?—A. Not at all. Not only do I say that, sir, but I say any government or department in charge of any of this development never should. I do not see how they can justify allowing any development that has to be compensated for or greatly changed before you can get hold of it. Now, this plan is designed so the whole actual flow of the river can be put through it, and no money has been wasted. Now, that lessens the current in what we call the canal, which is not a canal in my opinion; there is no canal there. There is a basis of power. A canal means something to take a boat in one end and take it out the other, and you cannot

do it. You can never do it unless the Dominion Government puts locks. But making it wide lessens the current and improves it for navigation and power purposes, and if the government sees fit some day to grant these people the right, or takes the right themselves, no money has been wasted.

By the Chairman:

Q. Before you leave, Mr. Jones, after you made your first deal with Mr. Swezey for units in the original syndicate, I presume you did become active then in assisting the Beauharnois Light, Heat and Power Company, and the succeeding interests—the syndicate interests—in facilitating their work at Quebec and Ottawa?—A. I did everything I could for them, sir.

Q. Did you have occasion to visit the departments of government here?—A. Yes, sir.

Q. Can you recount to us your activities?—A. That would be difficult. I remember seeing Mr. McLachlan here, whose opinion I respect as an engineer, and I have seen Mr. Hunter and Mr. Cameron, and I have seen Mr. Elliott and Mr. Ralston, and all of them.

Q. Leading up to what?—A. Well, the question is this. There was then, and there must be now, a very strong feeling on the part of a great many people which I have never been able to understand, and I found it there to some extent, and that is that the canalization of the St. Lawrence river in the province of Quebec should be paid for out of the power. Now, when you get down it seems to be the basis of a lot of the misunderstandings. If that view is correct, then surely to goodness the Welland Canal and the Soo Canal should have been paid for by the provinces, and not by the dominion, but they were not. They were paid for entirely out of Dominion funds. Now, if you are going to saddle the cost of the canalization on the power, you will increase the cost of power in Quebec, and not in Ontario and other points, and I do not see how it can be done. It seems to me that Quebec would absolutely rebel. If that power belonged to the dominion government—

Q. I was under the impression that the Hydro Electric Company in Ontario bought a large block of this power?—A. They did so, yes. That has nothing to do with the canalization of the river. They have the benefit of the purchased power.

By Hon. Mr. Mackenzie:

Q. You mean that there was no suggestion made that Ontario power should pay for national undertakings in the province of Ontario?—A. No. If they had, Ontario must owe the Dominion Government a couple of hundred million dollars.

By Mr. White:

Q. For what?—A. For the Welland Canal and the Sault Ste. Marie Canal. They were paid for entirely out of Dominion funds.

By Mr. Jacobs:

Q. Is there hydro development in these canals?—A. No, not in these canals. I said that the—

By the Chairman:

Q. The Welland Canal to which you refer is the Welland Ship Canal, is it not?—A. The Welland Ship Canal. The new one and the old one were both paid for by the Dominion Government.

Q. What power was developed there?—A. There was quite a lot of it. One—

Mr. WHITE: The power is owned by the Dominion Government and rented by the Dominion Government to the users.

By the Chairman:

Q. I do not see how you arrived at the conclusion you arrived at; you made those comparisons?—A. Because, in the New Welland Ship Canal, it is easy to do it and save expense if the province of Ontario had owned the power and was going to pay for the whole thing.

Q. What power is developed in the new Welland Ship Canal?—A. None; but the canal is built there. Who paid for it?

Q. The Dominion Government?—A. If the canal is built in the St. Lawrence River who should pay for it? The Dominion Government the same way. I do not think you are going to tax one province—

By Mr. White:

Q. The difficulty to that situation is this that there is a controversy about the ownership or the right to use the water?—A. Use the water by whom?

Q. The use of the water for power purposes by anybody?—A. I do not think there is much of a controversy.

Q. We are glad to have your real opinion on the point?—A. It will probably agree as well as we have agreed on it.

Q. You agree with yourself?—A. And some of your eminent counsel. Of course, Mr. Chairman, this is not a canal. We are speaking of it loosely as a canal. But you cannot take a boat in and out of it.

Q. Let us say it is part of a canal?—A. It may or may not be.

Q. Depending upon whether or not the Dominion Government builds a lock at the foot?—A. Yes.

Q. It is available as a canal if the Dominion Government wants to do that?—A. Yes. Part of the work has been done and it can be utilized.

Q. Not unless the owners have agreed to it?—A. The owners have to agree now.

Q. They have now because they did agree to it, and only for that reason.

Mr. MONTGOMERY: Who are the owners?

Mr. WHITE: That is a tough question. The point that Mr. Jones is leading to out of his calculations is that if the Dominion, in the exercise of its right to navigation and the control of navigation in the river, sees fit to make a canal which incidentally develops water power and creates a situation from which water power can be developed as in the old Beauharnois Canal, and as in the Soulanges Canal—it is a very nice question as to whether the Dominion has the right to dispose of the potential power.

The WITNESS: By its expenditure, as created incidental to navigation.

Hon. Mr. CANNON: Is it for this committee to decide it?

WITNESS: You get into the Soulanges Canal. Taking water out of the St. Lawrence River is not incidental to navigation; it is detrimental to navigation. Now, the only incidental part of navigation—if by putting a dam and raising or increasing the head, that increase might be incidental. I have never seen incidental power defined yet.

By Mr. White:

Q. That is quarreling with terms?—A. No, it is not.

Q. Where the works of the Dominion make the water available for their purposes?—A. The Dominion could construct their canal and take all the water the Province of Quebec used for power?

Hon. Mr. MACKENZIE: You are both raising the question of provincial rights. It is too much for this committee to settle that.

The WITNESS: The feeling I had was that the Department at Ottawa, if our plans interfered with navigation, would not and had no right to approve;

if they did not interfere with navigation, they would approve without interfering with provincial rights, and they have no right to exact a premium from us for approval. For instance, you talk about these lift locks. I think you will find in the first Order in Council that we shall supply these lift locks. Now, I did see the Minister and I saw the committee, and I said, "are you going to attempt to order us to spend three million dollars on something that may or may not be used? That water is not navigable until you build your canal, and it may never be done; you have no right to ask us to build those lift locks; we have to replace the bridges and roadways, it is true, and the common sense thing to do when we put our buttresses in is to make them heavy enough to put the lift locks on; then they will not be wasted should you decide to use them."

By the Chairman:

Q. And your views in that regard prevailed?—A. They did.

Q. And that is why we are here probably?—A. No, I will not agree with that.

By Mr. White:

Q. That is why you are here?—A. I do not know that. I am here because you sent for me.

Q. You spoke of having seen Mr. McLachlan, Mr. Hunter, Mr. Cameron, Mr. Elliott and Mr. Ralston and a number of others?—A. Yes, sir.

Q. Can you name any others now that you saw in Ottawa in connection with obtaining the right to use the water?—A. I think I could safely say—I do not know—I probably discussed it with three-quarters of the Cabinet, excepting the Premier. I discussed it once with him about a year before, and after that he would not see me.

Q. Did you see Senator McDougall in connection with the matter?—A. I saw Senator McDougall and discussed it with him.

Q. Frequently or otherwise?—A. No, I would not say frequently.

Q. Do you know whether at the time he had an interest in the matter as a member of the syndicate?—A. I do not know.

Q. Did you see Senator Raymond in connection with it?—A. Yes, I saw him several times.

Q. And Senator Paradis?—A. No, I think I never saw him, not to my best recollection. I might say, Mr. White—I do not want to be misleading in this. I was up here on that business. Now, I was actually overflowing with that business, and I probably bored a lot of people discussing it, that often had no indirect interest.

By the Chairman:

Q. Was Senator Raymond an associate of yours in the syndicate?—A. I do not know whether he is or not.

Q. Was he?—A. I do not know whether he was or not.

Q. In the second syndicate?—A. The second? I do not know. That is a thing I took no interest whatsoever in. I knew I was in the minority, and I was depending—

By Mr. White:

Q. Was he a member of the syndicate?—A. I do not know.

Mr. JACOBS: The agreement will show that.

The WITNESS: I cannot say. I do not know. The agreement will show that.

By Mr. White:

Q. I was wondering if you had any choice or selection in the matter of those with whom you were making your bid?—A. Not at all. I went into that

as I told you, with about twelve and a half to fifteen per cent interest. I never had anything to do with placing the syndicate stock. They asked me to become president. I became president under the impression that they would agree with me. I was wrong, and therefore I had to get out. That is the history.

By Mr. Jacobs:

Q. In your testimony you said that in your visits to the department you met Mr. McLachlan whose opinion you hold in great respect, and then you said that you met the other engineers and you did not compliment them in any way. Do I understand that you have respect for only Mr. McLachlan's opinion?—A. That is the danger of specifying. I am glad you corrected me. I have respect for Mr. Cameron's opinion and the rest of them and I think they deserve it; but mind you my saying that I have respect for an engineer's opinion does not say that I am going to adopt his opinion, because engineers like the legal profession, differ.

By Hon. Mr. Mackenzie:

Q. Do you recall the approximate dates of the visits to Ottawa in connection with this transaction?—A. Oh, they were very frequent.

Roughly speaking—the year or the time of the year?—A. Yes, they were all in the fall and winter of 1928—1928 and 1929—the early part of 1929. They dragged on for about four months, and I really think the Premier held it up waiting for the decision of the Supreme Court.

By the Chairman:

Q. The Order in Council was passed on the 8th March, 1929?—A. 1929? Then it was the early part of 1929 and the latter part of 1928.

Q. Is it fair to say, Mr. Jones, that while you had had talks with Senator McDougall and Senator Raymond and others—and I am not suggesting there was anything improper about interviews you had with any of these gentlemen—is it fair to say that it was wholly by reason of your own persuasion that the passing of P.C. 422—that is the Order in Council—was procured?—A. No, sir; I think it was wholly due to the fact that the feeling was—and I think correctly, sir—they could not refuse it without interfering with provincial rights. I do not care who came here—F. P. Jones or who it was, or what the company was—the right belongs to the province of Quebec, I believe. If it interfered with navigation, it could not be granted; if it did not interfere with navigation it could not be refused.

Q. Just at that point. I think you have made it abundantly plain that any water turned into a ditch interferes with navigation, and this canal interferes with navigation on the water?—A. No, sir; I have never made that statement.

By Mr. White:

Q. It was only the Soulanges Canal?—A. Take the Soulanges Canal, and you have a certain cross section of that canal. Now, if you turn water in and drive water out for power, you are taking more water than is required for navigation, and you are increasing the current, which is detrimental to navigation, because in the canal you only want just enough current to practically settle the water. The current in the canal must be detrimental—increasing that current must be detrimental.

By the Chairman:

Q. Do you think the building of this power plant improves the navigation of the river?—I would say, speaking subject to correction again—I mean for the Dominion Government—there is no navigation there now.

Q. There is on the river?—A. No, but in the manner—if they put in those locks it will probably save three and a half hours per trip through by every boat under existing conditions, which must be an improvement, because the other is a long stretch of canal. In this case it will go through the locks, and you are practically in the river. You go right ahead. Not only that, but the only navigation is done there by one pleasure boat, which has to be taken care of; they have their rights there. I believe the engineers will put a control there that will not affect that. I say it will not affect navigation anyway, but, if anything, will improve it.

By Mr. Jacobs:

Q. Navigation in that stream through the rapids would take care of a boat up to about seven feet draft?—A. There is evidence to show that even the year before they were only able to run about three or four times a week, depending—if the wind was an east wind, backing the water up it was so shallow they would take the canal; if it was a west wind they could run. They showed that clearly in the evidence at the public hearing.

Q. That is for tourist traffic?—A. Yes, tourist traffic. I came up the other day in a motor car and they were going through the canal; they could not run the rapids. I do not know how much they will run them this year; I do not think it will be very long.

By Mr. Mackenzie:

Q. Is there any danger of hurting the St. Lawrence river?—A. If you are going to put the whole St. Lawrence river through there; but you are not going to dry up the river. It is not as if you are going to dry it up so that the cattle will have no place to drink.

By Mr. White:

Q. Of course, water holes do not make much of a scenic effect?—A. The water level could be just where it is.

By Mr. Jacobs:

Q. The Soulanges Canal would not be interfered with in any way?—A. It would not be interfered with in any way; it would always be in reserve. My contention, sir, is this, that I was the one that insisted on the full width of the channel. My friend Mr. McLachlan does not agree with me. He proposes that we build a concrete trough there six hundred feet wide. I was contending that anything that is built should be built so that if you or whoever the authorities are order the whole flow of the river to be utilized, that it will not be money wasted. That is capable of doing that. I say today without hesitation that no government will give the right to construct Cedar Rapids to the Canada Power Plant today. It will not have to be wiped out in this case; it will be wiped out some day, because when there is a shortage of water the Cedar Rapids must go over the 80 feet instead of 33 feet, and if the two presidents of the company do not agree, I am assured that the Province of Quebec and the Dominion will make them agree.

By the Chairman:

Q. You just said a moment ago that the Dominion Government had nothing to do with it?—A. I put that in for my friend's benefit. I said one or the other.

Q. Try to put something in that will be of benefit to us all.

By Mr. Hellmuth:

Q. I forgot to ask you. You said you were very frequently in Ottawa?—A. Yes, sir.

Q. You went to England in regard to industries?—A. I would not say I went there; I had some work to do on it when I was over there.

Q. It was with a view to getting industries?—A. Yes, to locate there.

Q. You said a few moments ago that the down part of the navigation on that section—the Soulanges Section— was only for smaller boats which draw seven feet of water?—A. It is certainly, of course, available to any boat that wants to go there, but it is utilized only—

Q. Is there any obstruction to navigation?—A. No.

Q. It all goes through the canal?—A. Yes.

Q. At this point, river navigation, even for the smaller boats, is one way; there is no navigation both ways?—A. No.

By Mr. White:

Q. In your various visits to the Members of the Privy Council here in the fall of 1928, and the early part of 1929, were you accompanied on any of them by any Senators?—A. I do not think so, sir.

Q. Would you say you were not?—A. No, I will not say that.

Q. Will you say one way or the other?—A. When I saw Mr. Elliott there, I made an appointment and went and saw him. With the exception of Mr. Griffiths, Mr. Swezey and Mr. Geoffrion—I would not make the statement of nobody else being with me, but I cannot recall.

Q. That is the best you can do?—A. Yes.

Mr. JACOBS: You are restricting it to Senators, are you, Mr. White?

Mr. WHITE: Yes.

Mr. JACOBS: I would suggest it would have been more useful if he had been accompanied by members of the Lower House.

Mr. WHITE: Yes. Unfortunately for that, Mr. Gardiner has not seen fit to include them in his remarks.

The WITNESS: As I have recollected, I have no recollection of any visit to members of the Privy Council when any senator was present; although I would not swear that. It might be otherwise, but I do not think it was. That is, to the best of my ability—

Q. In your work, when you were pressing for the granting of the application, what do you say as to whether or not you were assisted by any Senators?—

A. I repeatedly appealed to some, perhaps as I do to anybody else, to do what they could to hurry it up, because it seemed to me it was being dragged out—

Q. That is hardly an answer.—A. Well, then, I can say—

Q. What would you say as to whether you were assisted?—A. What do you mean by the word “assisted,”?

Q. It is a common English word.—A. Well my answer is that anybody who took an interest in it and who listened and got his views as to who owned the water, gave us their opinions by way of assistance, otherwise direct assistance, nobody that I know of.

Q. I see.—A. I certainly asked Senator Raymond over and over again if he could not do something to get some action. Now, I think perhaps I should mention I thought perhaps the Premier was waiting for this assistance of the reference case to the Supreme Court.

Mr. JACOBS: Senator Raymond comes from the Beauharnois district?—A. He comes from there, and his brother was member there.

Q. The family rose there?—A. The whole community wanted to know when we were going to do something. They did not realize just—

By the Chairman:

Q. You say the Premier was waiting for the decision of the Supreme Court. What case was that?—A. I would not like to say—I have come to the conclusion that is one of the reasons why he was not in a hurry.

Q. Was there any other reason?—A. No, not that I can think of.

Q. You believed that to be a reason?—A. I now believe that fully to be the reason.

Q. What help do you think the decision of the Supreme Court gave him?—

A. I think the information was quite relative.

Q. In what way?—A. It showed him the rights were entirely navigation in the Dominion and power rights in the province.

Q. You think that was the result?—A. I think if you read that unprejudiced, it is the result.

By Mr. White:

Q. Why should anybody be prejudiced about it?—A. Sometimes we cannot help it. Is that all, sir?

Mr. WHITE: That is all for me. By the way, Mr. Jones. There is something else, I am sorry. You were asked to bring with you the syndicate correspondence, prospectuses, etc., relating to this project?—A. I have none, sir.

Q. I understand you left all of those with the company, or the syndicate?—

A. When I resigned I simply handed over the keys of the desk and walked out. Everything I had there belonged to the company. I had nothing.

Q. You left them there?—A. I left them there.

By Mr. Hellmuth:

Q. Just a moment, please. I do not know that I quite appreciated what you said about drawing off the water for power purposes from the Soulanges canal. What I thought you said was, it affected navigation?—A. Yes, drawing off water through there, from that point—

Mr. WHITE: Nobody can hear you.

By Mr. Hellmuth:

Q. From the point where?—A. From the point where the provincial power company plant is located.

Q. Yes.—A. Drawing that water out there must of necessity increase the current from there to the intake.

Q. Yes.—A. In the canal.

Mr. HELLMUTH: Which is detrimental to navigation, and that water is, I think, to use your expression, no way incidental to the canalization of the river.

By Mr. White:

Q. But, of course, drawing it off into the projected Beauharnois canal has not the same effect?—A. It would have absolutely the same effect.

Q. It would have?—A. If you draw water off in the canal it would make a Beauharnois forebay of the canal. You draw water in the power house, and it is going to increase the current, yes, sir. But the advisability, in my opinion, of making it so wide, so much wider, it does not detrimentally increase it.

Mr. WHITE: Mr. Griffith has suggested, Mr. Chairman, that in filing these corporate records, that he be permitted to make some explanations, and it is agreeable to me, if it is agreeable to the committee.

The witness retired.

HUGH B. GRIFFITH called.

By Mr. White:

Q. What do you produce, Mr. Griffith?—A. I have the minute books—they are just coming over. I have copies—

Q. I can see where I am going to have an evening's entertainment.—

A. Copies of the minutes I think, have been supplied; in fact, I know they

have been supplied to Mr. King. The originals of the agreements I will have to-morrow, sir.

Q. Now, take the Beauharnois Light, Heat and Power Company first.—

A. The Beauharnois Light, Heat and Power Company was incorporated in the year 1902, by a special Act of the Quebec Legislature, and I think the committee is familiar with that Act, and the amending Acts.

Q. We have it on file, anyway.—A. The minute book which I have here opens with the year in 1902, and carried through the corporate records up to the year 1927.

Q. Perhaps you better give us the first and last.—A. At which time we took over the—

Q. This contains the corporate records, starting at page two, with the minutes of a meeting on the 2nd April, 1922, and the last record in the book, extending to page 132, is the minutes of a meeting of directors on the 31st October, 1929.—A. That is right.

Q. That will be exhibit No. 53.

(Minute book file and marked exhibit 53.)

Q. Now, book No. 2 of the same company, the Beauharnois Light, Heat and Power Company, is a loose-leaf book, starting at page 1 with the minutes of a meeting of the board of directors on the 14th December, 1929. They do not overlap?—A. No.

Q. And containing the minutes of that date, and including a meeting of directors on the 25th day of March, 1931?—A. That is correct.

Q. And it starts at page 85 and closes at page No. 87—A. That is right.

Q. Ending at page 86. Does this book also contain other corporate records?—A. No, sir, that is all.

Q. This will be exhibit No. 54.

(Minute book put in and marked exhibit No. 54.)

Q. Now, are those all of the minute books of that company?—A. They are.

Q. Then have you the agreement or copy of it between the Beauharnois Light, Heat and Power Company and the syndicate, by which the assets were transferred?—A. No. There is an agreement between the Beauharnois Power syndicate and the Beauharnois Power corporation whereby the assets of the Beauharnois Power syndicate are agreed to be sold to the Beauharnois Power Corporation. That agreement bears the date 31st October, 1929, and there is a similar agreement between the Beauharnois Company syndicate and the Beauharnois Power Corporation Limited, which bears the date of the 17th day of December. Each agreement—

Q. What year?—A. 1929. The second agreement gives effect to the conditions set out in the first agreement.

Q. The first agreement is the 31st October, 1929, and is between the Beauharnois Power syndicate and the Beauharnois Power Corporation Limited. It reads as follows:—

MEMORANDUM OF AGREEMENT made in triplicate at the city of Montreal in the Province of Quebec this 31st day of October, one thousand nine hundred and twenty-nine.

By and Between

THE BEAUHARNOIS POWER SYNDICATE (hereinafter called the "Syndicate"), an unincorporated syndicate organized and existing under and in virtue of an agreement made at the city of Montreal on the fourth day of April, 1928, by and between F. Stuart Molson and others of the first part and Marquette Investment Corporation of the second part;

Party of the First Part.

and

BEAUHARNOIS POWER CORPORATION LIMITED (hereinafter called the "Corporation", a company incorporated by letters patent issued under the Companies Act of the Dominion of Canada;

Party of the Second Part.

and

MARQUETTE INVESTMENT CORPORATION (hereinafter called the "Depository"), a company incorporated by letters patent issued under the Quebec Companies Act;

Party of the Third Part.

WHEREAS the Corporation has an authorized Capital Stock consisting of

- (a) five management preferred shares without nominal or par value, the holders of which have the exclusive right for a period of ten years from and after the date of the Letters Patent of the Corporation to elect and remove the Directors thereof, the holders of each of which Management Preferred shares has otherwise the same rights in respect thereof as if he were the holder of One Common Share and which Management Preferred Shares at the end of the said period of ten years shall automatically be converted into Common Shares;
- (b) 4,999,995 Common Shares without nominal or par value; of which 1,799,995 are Class "A" Common Shares and 3,200,000 are Class "B" Non-Voting Common Shares.

WHEREAS the said five Management Preferred Shares have been subscribed for by or on behalf of Newman, Sweezy and Company Limited and Dominion Securities Corporation, Limited, at one dollar (\$1) per share and have been issued to them and/or their nominees.

NOW THEREFORE, THIS AGREEMENT WITNESSETH:

That in consideration of the understandings and agreements hereinafter expressed the Syndicate and the Corporation have agreed together as follows:—

1. The Syndicate agrees to sell, transfer and deliver to the Corporation and/or its nominees and the Corporation agrees to buy, receive and pay for all the undertaking and assets of whatsoever nature (except any unpaid balances and any uncalled balances for which the syndicate members may be liable to the syndicate in respect of the Part-Interests of the Syndicate held by them respectively) of the syndicate.
2. The said transfer of the undertaking and assets of the syndicate to the corporation shall be made without any representations or warranty whatsoever as to the title and interest in and to such underaking and assets, but without any warranty of any kind on the part of the syndicate.
3. The consideration for the said sale and transfer shall be—
 - (a) the sum of four million seven hundred and fifty thousand dollars (\$4,750,000) in lawful money of Canada payable to the syndicate by the corporation at the time and upon the conditions hereinafter mentioned; and
 - (b) the assumption by the corporation of all the liabilities and obligations of the syndicate (except its liabilities and obligations to its members as such): and
 - (c) the undertaking by the corporation to defray the expenses (to an amount not exceeding ten thousand dollars (\$10,000) of the winding-up of the affairs of the syndicate and the distribution of its assets among its members.

4. The said sum of four million seven hundred and fifty thousand dollars (\$4,750,000) shall be paid by the Corporation to the Syndicate upon the transfer and delivery of the said undertaking and assets of the syndicate to the corporation.

5. The obligation of the syndicate hereunder to sell, transfer and deliver and of the corporation hereunder to buy, receive and pay for, shall be conditional upon the following conditions having been fulfilled not later than the first day of November, 1929, or such later date as the syndicate from time to time may approve by resolution of the syndicate managers (which may be passed before, on or subsequent to the said first day of November, 1929):

- (a) That the necessary approval shall have been obtained under The Watercourse Act of the Province of Quebec of the site and plans of the Beauharnois Light, Heat and Power Company in order to permit that company to commence the construction of its proposed power development;
- (b) That the agreement between the Dominion of Canada and the Province of Quebec required by Condition No. 24 of the Order in Council of the Dominion of Canada dated March 8th, 1929, respecting the Beauharnois Light, Heat and Power Company and any subsequent order or orders in council which may have been passed modifying, extending or affecting the same shall have been executed;
- (c) That the requisite approval and permission of the Quebec Public Service Commission shall have been obtained in order to permit the said Beauharnois Light, Heat and Power Company to commence the construction of its proposed power development; and
- (d) That the syndicate and/or the Corporation shall have acquired the ownership or control of all the outstanding shares of the Beauharnois Light, Heat and Power Company free from all liens, charges or encumbrances.

And if all the conditions set out in this paragraph 5, shall not have been fulfilled on or before the first day of November, 1929, or such later date as may be approved by the Syndicate as hereinabove in this paragraph 5, provided, then this agreement shall be and become of no force and effect.

If all the conditions set out in this paragraph 5, shall have been fulfilled on or before the first day of November, 1929, or such later date as may be approved by the syndicate as hereinabove in this paragraph 5, provided, then the transfer of the assets and undertaking of the syndicate herein provided for shall be made as soon thereafter as the corporation shall have available from the proceeds of the sale of the Collateral Trust Bonds provided for in the agreement hereto annexed as schedule "A" sufficient moneys to make payment of the cash consideration herein provided for.

6. Provided the said undertaking and assets of the syndicate are transferred to and paid for by the Corporation as hereinabove provided, the syndicate agrees to subscribe for at one dollar (\$1) per share, one million (\$1,000,000) class "A" common shares without nominal or par value of the corporation, such shares to be allotted and issued to or to the nominees of the syndicate, the said shares to be paid for at the time of the transfer and delivery of the undertaking and assets of the syndicate to the corporation and/of its nominees and the payments of the said sum of four million seven hundred and fifty thousand dollars (\$4,750,000) by the corporation of the syndicate.

7. The undertakings of the syndicate hereunder are given and made upon the understanding and condition that the corporation will enter into an agreement with Newman, Sweezey and Company, Limited and Dominion Securities Corporation Limited respecting the subscription for and purchase by said Newman, Sweezey and Company, Limited, and Dominion Securities Corporation, Limited, of certain collateral Trust Bonds and Common Shares of the Corporation and respecting the arrangements in regard to the purchase of certain First Mortgage Bonds of the Beauharnois Light, Heat and Power Company the whole substantially in the form of the agreement annexed hereto as Schedule "A" or to like affect.

8. The syndicate shall not be obliged to deliver any title, deeds, certificates of search, abstracts of title, proof or evidence of title, or copies thereof, respecting the undertaking and assets hereby agreed to be sold and purchased other than those in its possession.

9. The Depositary hereby acknowledges to have taken communication of the terms, provisions and conditions of this agreement and acknowledges that the assets of the syndicate are in its custody as depositary of the syndicate and hereby covenants and agrees that subject to any privilege or lien to which it may be entitled the same will be held and dealt with by it upon and subject to all the terms, provisions and conditions set out in this agreement, and hereby agrees to execute and do, at the expense of the Corporation, all such documents and things as may be necessary or useful to transfer to and vest in the corporation and/or its nominees the title to the undertaking and assets of the Syndicate, the whole upon and subject to all the terms, provisions and conditions of this agreement.

10. This agreement shall have no force or effect and shall not be binding or obligatory upon any of the parties hereto unless and until the same shall have been approved by a resolution passed at a general meeting of the members of the syndicate called and held for the purpose; provided, however, that such approval if granted prior to the time of the condition contained in this paragraph 10.

11. This agreement shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed these presents on the date and at the place firstly above written.

In the presence of:

E. S. COLEMAN. THE BEAUHARNOIS POWER SYNDICATE,
By R. O. SWEEZEY, *President* and HUGH B. GRIFFITH, *Secretary*.

N. McCALLAN. BEAUHARNOIS POWER CORPORATION, LIMITED,
By M. H. KELLY, *President*, and Lyla BRENNAN, *Secretary*.

E. S. COLEMAN. MARQUETTE INVESTMENT CORPORATION,
By HENRY NEWMAN and F. S. MOLSON.

Q. M. H. Kelly and Lyla Brennan are two stenographers here in Ottawa, I understand, in one of the lawyers' offices?—A. That is right.

Q. In the office of McGiverin, Haydon & Ebbs?—A. That is right.

Q. And signed on behalf of the Marquette Investment Corporation by Henry Newman and F. S. Molson. That will be exhibit No. 55.

(Document filed and marked exhibit No. 55.)

Q. Now I take it, Mr. Griffith, and you will correct me if I am wrong, that the actual assets which were transferred by that agreement were the hundred

per cent of the shares of the Beauharnois Light, Heat and Power Company, Limited?—A. It included the shares.

Q. And did it include anything else?—A. Yes, the syndicate by that time—I am sorry I have not got my balance sheet available—we had not only purchased and paid for the shares of the Beauharnois Light, Heat and Power Company, but it also incorporated and owned all the shares of the Beauharnois Construction Company; it had acquired and held a very large investment of real estate in the county of Beauharnois, on investment which on that day must have been well over \$1,000,000; it also had expended a very substantial sum of money on account of engineering, legal and other expenses, which were carried as an asset into the Beauharnois Light, Heat and Power Company.

Q. And these were the things that were transferred?—A. That is right.

Q. In addition to the shares in the Beauharnois Light, Heat and Power Company?—A. That is right.

Q. The syndicate books will show, I understand, what the actual investment up to that time was?—A. They will reveal that, all that completely in detail.

Q. And the expenditures for land, for engineering, and for legal expenses were included as assets of the syndicate?—A. That is right, sir.

Q. Then, you show me an agreement which appears to have been dated the 7th December, 1929?—A. The 17th December.

Q. The 17th, I should say, between the Beauharnois Power Syndicate, the Beauharnois Power Corporation Limited, and the Marquette Investment Corporation, reciting the agreement which you have just filed, providing as follows: "1. The syndicate hereby sells, transfers and makes over to the corporation, and the corporation hereby purchase and accepts all the undertakings and assets of whatsoever nature of the syndicate . . ." and so on. Apparently it simply implements—A. It is a deed of sale.

Q. Implements the formal agreements?—A. Yes.

Q. It will be exhibit 56.

(Agreement filed and marked exhibit 56.)

Q. Then, have you the minute book of the first syndicate?—A. Yes.

Q. Is this the original?—A. That is the original yes. The only book we ever had. It did not last long.

Q. You show me a minute book, containing minutes of a meeting of a board of managers of the Beauharnois syndicate, starting with a meeting on March 2, 1928, at page 1, ending with a meeting on the 10th April, 1928, starting at page 23, and ending at page 27. I understand, Mr. Griffith, that this syndicate started to operate on the 12th April, 1927.—A. The 12th May, 1927. As a matter of fact, I presume the syndicate started to operate when money was first collected by Mr. Swezey and devoted to the enterprise, when we first purchased the Robert assets and first collected or rather accepted the subscriptions of money from individuals for that purpose.

Q. When was that?—A. That purchase was made on the 3rd of February, 1927.

Q. Where are—A. Must have been available a day or two before that.

Q. Where are the minutes up to that time?—A. There are no minutes. We started very informally, didn't organize the syndicate until some time afterwards. On the 12th May, 1927, he assigned his rights in the agreement between Roberts and himself to the Marquette Investment corporation.

Q. We do not want to touch that just for a moment. What I am concerned about is, I want to see that I am covering the whole ground.—A. There were no syndicate minutes.

Q. There were no syndicate minutes prior to the 2nd March, 1928?—A. That is right.

Q. You were acting at that time as the secretary?—A. I was, yes.

Q. Your duties were not very heavy as secretary to the syndicate?—A. I was acting.

Q. Performing whatever duties there were to perform?—A. That is correct.

Q. You were keeping the books of the syndicate?—A. I was responsible for their books.

Q. They will show the monies received?—A. They will.

Q. And from whom?—A. And from whom.

Q. And the time of each?—A. And the time of each.

Q. Is there a syndicate register?—A. A syndicate members' register?

Q. Yes.—A. Similar to a share register?

Q. Yes.—A. Yes there is, Mr. White.

Q. Where is that?—A. It is with Mr. King in Montreal to-day. We will have them here to-morrow.

Q. They will show the members of the syndicate from time to time, and the number of shares held by each, will they?—A. Yes. It will not show the dates.

Q. I mean the transfer.—A. In the early stages of it, the original payments were made, but those dates may be obtained from the books, and I believe they are being obtained.

Q. Then this will be exhibit 57.

The CHAIRMAN: The minute book of what?

Mr. WHITE: The minute book of the first syndicate.

(Minute book filed and marked exhibit 57).

Q. Then you show me the minute book of what is called the second syndicate, starting at page 1, a meeting on the 4th April, 1928, of the Syndicate Managers, and ending with a meeting on the 4th of December, 1929, and the minutes of that meeting start on page 151 and end on page 167.

Hon. Mr. MACKENZIE: What is the date of the first meeting, Mr. White?

Mr. WHITE: The 4th of April, 1928. On the front of that page, that is, opposite page 1, there is this memorandum, or whatever it is:

We, the undersigned, Syndicate Managers of the Beauharnois Power Syndicate, hereby waive notice of the time, place and purposes of a meeting of the Syndicate Managers to be held at the City of Montreal on the fourth April, 1928, and we hereby consent that the said meeting be deemed to be in every way validly called and held.

Mr. FORSYTHE: As I understand it, Exhibit 57 is the Minutes of the Beauharnois Syndicate, and you are now putting in the Minute Book of the Beauharnois Power Syndicate.

Mr. WHITE: Yes. This will be Exhibit 58.

By Mr. White:

Q. The Syndicate Managers being, Mr. F. Stuart Molson, Mr. Ivan L. Ibbotson, Miss Hilda Knight, Mr. L. Clare Moyer, Mr. Robert Haldenby.—

A. They were provisional, corporate.

Q. They were not incorporated.—A. They correspond to provisional.

By the Chairman:

Q. You say that these Syndicate Managers were commonly called dummies.—A. They were replaced in part during that very meeting. I have a list of all the Syndicate Managers, their date of election, resignation or replacement.

By Mr. White:

Q. And next, a meeting of Syndicate Managers, Special General Meeting of the Beauharnois Power Syndicate, held on the 4th April, 1928, at which were present:—

R. O. Sweezey,
 Hugh B. Griffith,
 R. W. Steele,
 L. Clare Moyer,
 Miss Hilda Knight,

And The Beauharnois Syndicate by its proxy, Mr. H. Newman, being a representation in person and by proxy of all the Members of the Syndicate.

And Mr. Griffiths is going to give me a memorandum showing who the Syndicate Managers were from time to time, which will save the necessity of going through this book. Then you were going to show me the agreements spoken of by the Chairman.—A. Yes, here they are.

Q. You show me a copy of agreement dated the 12th of May, 1927, entitled "Beauharnois Syndicates—Syndicate Agreement"—12th May, 1927:—

Memorandum of Agreement made in duplicate in the City of Montreal in the Province of Quebec as of the twelfth day of May, One thousand nine hundred and twenty-seven:

By and Between:

Robert Oliver Sweezey of the City of Westmount in the province of Quebec, hereinafter referred to as "Sweezey,"

Party of the First Part

and:

MARQUETTE INVESTMENT CORPORATION, a company fully incorporated by Letters Patent of the Province of Quebec, hereinafter called the "Depositary";

Party of the Second Part.

Mr. WHITE: Does it make any difference if Mr. Symmes reads this, Mr. Chairman?

The CHAIRMAN: Not at all, Mr. White. That will be Exhibit No. 59.

Mr. SYMMES (Reading):

Whereas by a memorandum of agreement bearing even date herewith (a copy of which together with copies of the Schedule therein referred to are annexed as Schedule "X" to these presents) Sweezey has transferred to the Depositary all his rights and interests in and to and arising out of two agreements therein referred to, and in and to the assets and things covered by the said two agreements, which said rights and interests are hereinafter referred to as "the rights and interests transferred"; and

Whereas the rights and interests transferred have been so transferred to the Depositary to be held by it in trust for the purposes and upon and subject to all the trusts, provisions and conditions in these presents set out;

Now, therefore, these presents witness as follows:—

1. The rights and interests transferred shall be held and dealt with by the Depositary in trust for and on behalf of the Syndicate hereinafter mentioned, and upon and subject to all the trusts, provisions and conditions of these presents.

2. Any and all other property, money, assets or rights of whatsoever nature which may hereafter be transferred to or placed in the custody of the Depositary by or on behalf of the said Syndicate shall be held and dealt with by the Depositary in trust for and on behalf of the said Syndicate and upon and subject to all the trusts, provisions and conditions of these presents.

3. The Syndicate shall be known as "The Beauharnois Syndicate" and shall consist of Sweezey, together with the other persons hereinafter nominated as Syndicate Managers and such other persons as shall from time to time be admitted to membership therein by the Syndicate Managers in accordance with the Provisions hereof and of the By-Laws hereinafter provided for.

4. The purposes for which the Syndicate has been organized are all or any of the following, namely:

- (a) To acquire, hold, use, administer, develop, improve, turn to account, grant leases of, sell, exchange, mortgage, hypothecate, pledge or otherwise dispose of or deal with, in whole or in part, "the rights and interests transferred";
- (b) To acquire by purchase, lease or otherwise hold, use, administer, develop, improve, turn to account, grant leases of, sell, exchange, mortgage, hypothecate, pledge or otherwise dispose of or deal with any other property, rights and concessions, and in particular any property, rights and concessions which may be necessary or useful for the development of the water powers existing by reason of the difference in level between Lake St. Francis and Lake St. Louis;
- (c) To develop or cause to be developed the water powers existing by reason of the difference in level between Lake St. Francis and Lake St. Louis;
- (d) To promote or cause to be promoted, contribute to, subsidize or otherwise assist, any companies, syndicates or enterprises for the purpose of doing or causing to be done any of the above things, or carrying on or proposing to carry on any business or enterprise similar to that of the Syndicate, or capable of being conducted so as directly or indirectly to benefit the Syndicate, and to subscribe, take, acquire, pay for, hold, sell or otherwise dispose of or deal in any shares or interests in or securities of such companies, syndicates or enterprises;
- (e) To subscribe for, take, acquire, pay for, hold, sell or otherwise dispose of or deal in such shares, interests in or securities of any company, syndicate, partnership, firm or undertaking as the Board of Syndicate Managers may deem expedient or useful;
- (f) To employ engineers, architects, appraisers and other experts to investigate, examine into and report upon any undertaking, project, proposal, property or rights of any kind, and the condition, prospects, value and character of the same;
- (g) To invest money at interest on the security of property, movable or immovable, and generally to lend and advance money to such persons and upon such terms and subject to such conditions as may be deemed expedient;
- (h) To receive money or deposit at interest or otherwise, and to advance and lend money and assets of all kinds upon such terms as may be arranged;
- (i) To take part in the management, supervision or control of the business or operations of any company or undertaking, and for that purpose to appoint and remunerate any directors, accountants or other experts or agents;
- (j) To apply for, purchase or otherwise acquire, any trade-marks, trade names, patents, licences, concessions and the like, conferring any exclusive or non-exclusive or limited or unlimited right to use, or any secret or other information as to any invention

formula, receipt or process, which may seem capable of being used for any of the purposes of the Syndicate, or the acquisition of which may seem calculated, directly or indirectly, to benefit the Syndicate, and to use, exercise, develop or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired;

- (k) To enter into partnership, or into any arrangement for sharing of profits or expense, union of interests, co-operation, joint adventure, reciprocal concession, or make other working arrangements with any person, company or enterprise carrying on any business similar to that which the Syndicate is organized to carry on, or business capable of being conducted so as directly or indirectly to benefit the Syndicate, and to manage, operate and carry on the property, undertakings and affairs of any such business and to acquire the same, including its good will, rights, liabilities and other accessories by purchase, lease or otherwise;
- (i) To issue, allot and deliver as fully paid up and non-assessable, or partly paid up, the part-interests of the Syndicate in payment or part payment of any securities, rights or things that it can acquire, or in payment or part payment for any services rendered to the Syndicate, whether in connection with the promotion and organization of its business or otherwise, or in or towards the payment or satisfaction of debts and liabilities owing by the Syndicate;
- (m) To sell, lease, or otherwise dispose of or deal with the whole or any part of the undertaking of the Syndicate and of its assets and goodwill and rights and obligations of any kind, for such consideration as the Syndicate Managers may think fit, including shares, debentures and other securities of any corporation, and to distribute among its members any such securities or other consideration so received;
- (n) To acquire the goodwill, property, rights and assets, either with or without assuming the liabilities of any person, firm, corporation or enterprise, capable of being conducted so as directly or indirectly to benefit the Syndicate, or possessed of property suitable for the Syndicate, and to pay for the same in case or in fully paid up and non-assessable or in partly paid part-interests or securities of the Syndicate or otherwise;
- (o) To make advances to or guarantee the obligations or contracts of or otherwise assist in any manner any company whose shares of capital stock, bonds or other obligations are held in whole or in part by the Syndicate, and to do any act or thing for the preservation, improvement or enhancement of the value of any such shares, bonds or obligations; and in like manner to advance money to or guarantee the contracts of or otherwise assist any person, firm or company having business engagements with the Syndicate or indebted to it;
- (p) To lend money to persons or companies having dealings with the Syndicate and to invest and deal with any funds or assets not immediately required for the purpose of the Syndicate as may be deemed expedient;
- (q) To enter into any arrangement with any authority or government, municipal, local or otherwise, that may seem conducive to the objects of the syndicate, or any of them, and to obtain from any such authority or government any rights, privileges, con-

- cessions, subsidies or other benefits which it may seem desirable to obtain, and to carry out or exercise and comply with any such arrangements, rights and benefits;
- (r) To carry on any other business which may seem to the syndicate managers capable of being conveniently carried on in connection with its business, or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the syndicate;
 - (s) To distribute amongst the members of the syndicate and other persons entitled thereto in kind any property of the syndicate, and in particular any shares, debentures or securities which the syndicate may have power to dispose of;
 - (t) To pay all costs incidental to or in connection with the formation and organization of the syndicate, and to do all such things as are incidental or conducive to the attainment of the above objects, and to promote any company or companies for the purpose of acquiring any or all of the undertakings, assets, rights or liabilities of the syndicate, or for any other purposes which may seem calculated to benefit the syndicate;
 - (u) To do all or any of the above things as principals, agents, contractors, managers, supervisors or otherwise and by or through trustees or agents, or any corporation or other syndicate, or otherwise, and either alone or in conjunction with others, and to do all such things as may be incidental or conducive to the attainment of the above objects;
 - (v) Such other purposes as may from time to time be decided upon by the board of syndicate managers, provided the same be approved by the holders of a majority in number of the outstanding part-interests of the syndicate.
5. (a) The capital of the syndicate shall be divided into not more than four thousand (4,000) part-interests without nominal value, provided, however, that the maximum number of part-interests into which the capital may be divided may be increased from time to time to not more than five thousand (5,000) part-interests by the board of syndicate managers;
- (b) Each part-interest shall be equal to every other part-interest. At all meetings of members of the syndicate each member shall have one vote for each part-interest held by him;
 - (c) Part-interests may be allotted by the board of syndicate managers from time to time as they deem expedient and for such consideration as they deem appropriate, and either as fully paid up or subject to subsequent calls thereon.
 - (d) Part-interests shall be transferable only on the books of the syndicate by the registered holder thereof, or by duly authorized attorney, provided, however, that no transfer of any part-interest shall have any effect unless and until permitted or approved by the board of syndicate managers, who need not give any reason for refusal of such permission or approval and shall be free to exercise their unfettered discretion in this connection; it being hereby understood and declared that the undertaking of the syndicate is of such a nature that the character and identity of the various members thereof is of vital importance to the successful carrying out of such undertaking;
 - (e) The depositary shall be the transfer agent and registrar of part-interests of the syndicate, and there shall be kept by the

depository on behalf of the syndicate a book or books wherein shall be kept and recorded,—

- (i) the names alphabetically arranged of all persons who are or have been members;
- (ii) the address and calling of every such person while a member;
- (iii) The number of part-interests held by each member;
- (iv) the amounts paid in and remaining unpaid respectively on the part-interests of each member;
- (v) all transfers of part-interests in their order as presented to the depository for entry, with the date and other particulars of each transfer and the date of entry thereof; and
- (vi) the names, addresses and callings of all persons who are or have been syndicate managers, with the several dates at which each became or ceased to be a syndicate manager;

Such book or books during reasonable business hours of every day, except Sunday and holidays, shall be kept open for the inspection of members of the syndicate and their personal representatives at the office of the depository;

- (f) Certificates representing the issued fully paid part-interests in the syndicate shall be issued to the holders of such part-interests by the depository on behalf of the syndicate, and the depository may decline to register any transfer of the part-interests represented by any certificate unless such certificate be surrendered to it;
- (g) No transfer of any part-interest shall be valid for any purpose whatsoever until entry thereof has been duly made in the transfer kept by the depository, except for the purpose of exhibiting the rights of the parties thereto towards each other;

6. The chief place of business of the syndicate shall be maintained at the office of the depository, and the syndicate may maintain such other places of business as the board of syndicate managers may deem advisable.

7. (a) The property, rights, affairs and concerns of the syndicate shall be managed and controlled by a board of five syndicate managers, but the number of syndicate managers may from time to time be decreased to not less than three, or increased, provided such decrease or increase receive the approval of members holding a majority in number of the then outstanding part-interests.

- (b) No person (other than those nominated by subsection (c) hereof to be the first Syndicate Managers) shall be qualified to be elected, or appointed or to act as a Syndicate Manager unless he be a member of the syndicate holding at least one part-interest therein;
- (c) The said Sweezey and Henry Newman and Robert W. Steele both of the city of Westmount and Hugh B. Griffith and William H. Robert, both of the city of Montreal shall be the first Syndicate Managers until replaced by others duly appointed in their stead;
- (d) The said Sweezey, Newman and Griffith are hereby acknowledged and declared to be directors and shareholders of and financially interested in Newman, Sweezey & Company Limited and it is understood and agreed that the said Sweezey, Newman and Griffith shall not nor shall any of them be accountable to the syndicate nor to any of the members thereof for or in respect of

any profits which they or any of them may make through their or his interest in Newman, Sweezey & Company Limited arising out of contracts or dealings which said Newman, Sweezey & Company Limited may now or hereafter have with the Syndicate, nor shall the said Newman, Sweezey & Company Limited be accountable for any profits which it may make arising out of any such contracts or dealings.

The said Steele is hereby acknowledged and declared to be a director and shareholder of and financially interested in the Dominion Securities Corporation Limited and it is understood and agreed that the said Steele shall not be accountable to the syndicate nor to any of the members thereof for or in respect of any profits which he may make through his interest in said The Dominion Securities Corporation Limited arising out of contracts or dealings which said The Dominion Securities Corporation Limited may now or hereafter have with the syndicate nor shall the said The Dominion Securities Corporation Limited be accountable for any profits which it may make arising out of any such contracts or dealings;

The said Robert is hereby acknowledged and declared to be interested in the "rights and interests transferred" in that he is one of the vendors thereof to the said Sweezey and it is understood and agreed that the said Robert shall not be accountable to the syndicate nor to any of the members thereof for or in respect of any profits which he may make through his interest in the "rights and interests transferred" or the purchase price thereof;

- (e) The Syndicate Managers shall be elected by the members in general meeting at such times, in such manner and for such terms as the by-laws of the syndicate from time to time prescribe. If at any time an election of Syndicate Managers is not made or does not take effect at the proper time, such election may take place at any subsequent special general meeting of the members of the syndicate called for the purpose, and the retiring Syndicate Managers shall continue in office until their successors are elected;
- (f) Every Syndicate Manager and his heirs, executors, administrators and estate and effects respectively, shall be indemnified and saved harmless out of the funds of the syndicate from and against all costs, charges and expenses whatsoever which such Syndicate Manager sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him for or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him in or about the execution of the duties of his office; and also from and against all other costs, charges and expenses which he sustains or incurs in or about, or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default;
- (g) Any member of the syndicate or person owning a part-interest may contract or deal in his own right, or be interested in a firm or company which contracts or deals with the syndicate, without being responsible to the syndicate for any profits made by so doing;
- (h) Any Syndicate Manager may contract or deal in his own right, or be interested in a firm or company which contracts or deals with the syndicate and if disclosure is made in writing to the

Syndicate Managers of such separate interest (without it being necessary to disclose the nature or extent of such interest) neither he nor such firm or company shall be responsible to the syndicate for any profits made by him or such firm or company as a result of such contract or dealing.

8. The Board of Syndicate Managers shall in all things administer, manage and control the property, rights, affairs, concerns, business and undertaking of the syndicate, and make or cause to be made for the syndicate any description of contract which the syndicate may by law enter into, and do or cause to be done anything which the syndicate as a whole can do, or cause to be done, the whole however subject to the restrictions and provisions contained in Article 9 thereof.

9. The Board of Syndicate Managers may borrow money for and incur liabilities on behalf of the syndicate upon such terms and conditions as they deem expedient, provided however that no loans may be effected nor other liabilities incurred except upon the condition assented to by the creditors of such loans or other liabilities that neither the Syndicate Managers nor any other members of the syndicate shall be personally liable for the repayment of such loans or liabilities, and that the creditors of such loans or liabilities shall be entitled to look only to the assets of the syndicate, or the proceeds thereof, for repayment. Nothing herein contained, however, shall be construed so as to prevent any member of the syndicate who is willing to do so, from personally guaranteeing or rendering or rendering himself liable for the repayment of any loan or other liability of the syndicate.

10. The Board of Syndicate Managers may, from time to time in their discretion distribute among the members of the Syndicate (pro rata in accordance with their respective holdings of part-interests) the profits and other assets of the Syndicate.

11. The Depositary shall deal with all the property, rights and assets of the Syndicate from time to time in its custody in accordance with the orders and instructions of the Board of Syndicate Managers, provided that in all cases in which the Depositary is ordered or instructed by the Board of Syndicate Managers to do in respect of such property, rights and assets, or any part of them anything which under the provisions hereof requires the approval of any proportion of the members of the Syndicate, then the Depositary before doing such things shall require evidence satisfactory to it that such approval has been obtained.

12. (a) The reasonable remuneration of the Depositary for its services, whether rendered under or as a result of this agreement, or in connection with any of the property, rights and assets of the Syndicate from time to time in the custody of the Depositary, and all expenditures and liabilities made or incurred by the Depositary under or as a result of this agreement, or in connection with such property, rights and assets, shall be paid by the Syndicate together with interest at the rate of six per cent, (6%) per annum on the amount of such remuneration and expenditures from the date when such remuneration shall be payable, or from the date of such expenditures, and such remuneration, expenditures and liabilities shall be a first charge or lien upon the property, rights and assets from time to time in the custody of the Depositary, and the Depositary shall have the right to retain such property, rights and assets until payment of such remuneration, expenditures and liabilities. The Depositary shall

be entitled to apply any moneys of the Syndicate from time to time in its hands towards the payment of such remuneration, expenditures and liabilities.

- (b) The Depositary, in relation to these presents, or in respect of any matter or thing arising out of these presents, may act on the opinion or advice of or information obtained from any lawyer, valuer, surveyor, broker, auctioneer, or other expert, employed in good faith by it, and shall not be responsible for any loss occasioned by acting or not acting thereon, and shall be entitled to take legal or other advice and employ such assistance as may be necessary to the proper discharge of its duties, and to pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid.
- (c) Any such advice, opinion or information may be sent or obtained by letter, telegram or cablegram, or otherwise, and the Depositary shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telegram or cablegram, or otherwise, although the same contains some error or shall not be authentic.
- (d) The Depositary shall be at liberty to place all bonds, stocks, share certificates, debentures or other securities or deeds or other documents of title, or records, from time to time placed in its custody, in any safe or receptacle selected by the Depositary, or with any bank or banking company, or with any lawyer or firm of good repute, or any custodian in any part of the world, and the Depositary shall not be responsible for any loss incurred as a result of so doing, and the Depositary may pay all sums required to be paid in this connection.
- (e) The Depositary shall not be responsible for any misconduct on the part of any attorney, banker, lawyer, agent or other person appointed by it hereunder or bound to supervise the proceedings of any such appointee.
- (f) The Depositary shall not be required to give security for its conduct or administration and shall not be responsible for the acts, omission, defaults, errors, fraud, fault or misconduct or any agents whom it may in good faith employ in the exercise of the powers or duties conferred upon it hereunder, nor for loss occasioned by its own acts, omissions or defaults, unless such acts, omissions or defaults constitute a breach of trust knowingly and intentionally committed by the Depositary.
- (g) The authenticity of all acts, requests, resolutions and directions of the Syndicate and/or of the Board of Syndicate Managers and/or of any officer or officers of the Syndicate shall be deemed for the protection of the Depositary to be conclusively proven by a certificate signed by any person being, or by the Depositary believed to be, a Syndicate Manager or officer of the Syndicate.

13. The Depositary may resign as Depositary hereunder by giving notice in writing to the Board of Syndicate Managers of its intention so to do and such resignation shall take effect thirty (30) days after the delivery of such notice to the Board, or on such earlier date as a successor Depositary shall be appointed as hereinafter provided.

14. The Depositary may be removed from office hereunder by a resolution approved by the votes of members holding a majority of the issued part-interests of the Syndicate.

15. In the event of the resignation or removal of the Depositary from office hereunder a successor Depositary (which shall be an incorporated company) shall be appointed by the members of the Syndicate in general meeting assembled and upon such appointment being made all the powers, duties, liabilities and functions of the Depositary hereunder shall vest in and become incumbent upon the successor Depositary to all intents and purposes and all the property, rights and assets in the custody of the Depositary shall be placed in the custody of the successor.

16. The By-laws set out in Schedule "Y" hereto annexed shall be the By-laws of the Syndicate. Such By-laws, and any other By-laws which may hereafter come into force and effect, may be added to, amended, repealed or re-enacted at any time by resolution passed at a general meeting of members called for the purpose, or by resolution passed at a meeting of the Board of Syndicate Managers, but any addition, amendment, repeal or re-enactment made by the Syndicate Managers shall only have force and effect until the next annual general meeting of members of the Syndicate, or until a special general meeting of members of the Syndicate called during the interval for the purpose of confirming the same, and in default of confirmation at such annual or special general meeting, any such addition, amendment repeal or re-enactment shall have no force or effect thereafter.

17. It is understood and agreed that in consideration of the transfer to the Depositary by Sweezey of the rights and interests transferred—

(a) Sweezey shall be entitled to receive forthwith as fully paid up and non-assessable Six hundred (600) part-interests of the Syndicate;

The CHAIRMAN: That is, 600 out of the 4,000.

Mr. SYMMES: Yes, Mr. Chairman;

By the Chairman:

Q. It was 4,000 when this agreement was entered into?—A. Yes, sir.

Q. So that the 600 came out of the Syndicate when its total authorized unit actually was 4,000.—A. I believe that is so, sir.

Mr. SYMMES: (continuing reading):

(b) Messrs. Newman, Sweezey & Co., Limited and Dominion Securities Corporation Limited shall jointly have the right to subscribe or procure subscribers for or underwrite any and all bonds, debentures, shares and other securities which may hereafter be issued by Beauharnois Light, Heat and Power Company or any other company promoted by, or directly or indirectly controlled by or for the Syndicate, at fair and reasonable prices for such securities, having in view the market conditions prevailing at the time of such issue.

18. This agreement may be modified, amended or added to in any manner and to such effect as may be approved by the members of the Syndicate holding a majority of the outstanding part-interests of the Syndicate, but no change or modification of the provisions constituted for the protection or benefit of the Depositary, including its remuneration and compensation, shall be made without its, the Depositary's, express written consent, and no change or modification shall be made to the provisions of sub-paragraph (c) of paragraph 17 hereof without the express written consent of the said Newman, Sweezey & Co., Limited and the

said Dominion Securities Corporation Limited. All modifications, amendments or additions to this agreement approved by a majority of the members of the Syndicate shall be notified to the Depositary forthwith.

19. This agreement shall continue in full force and effect until all the assets of the Syndicate shall have been distributed or otherwise disposed of.

In witness whereof the parties hereto have executed these presents as of the date firstly above written.

R. O. SWEEZEY,

In the presence of:

H. M. KNIGHT,

MARQUETTE INVESTMENT CORPORATION,
By

R. W. STEELE,
HUGH BE. GRIFFITH.

16 R.O.S.

R.W.S. H.B.G.

By Mr. White:

Q. Now, have you the second Syndicate agreement? By the way, were there any further agreements in reference to the first syndicate?—A. The Syndicate agreement had attached to it, as schedules, the two agreements which Sweezy entered into with Robert.

Q. Well, we had better have those.

The CHAIRMAN: Better make them all one Exhibit.

The WITNESS: That is the first agreement between Robert and Sweezy, and this is Robert, Sweezy and the National Trust. It has attached to it, as a schedule, the one I just gave you.

By the Chairman:

Q. Mr. Griffiths, in the agreement which has just been filed creating the first Syndicate, with an authorized unit capital of 4,000 units, I do not see anything in that agreement that fixes a price for the units?—A. There was nothing, Mr. Chairman.

Q. How were the prices fixed under that agreement?—A. Under the agreement they were left to the absolute discretion of the Syndicate Managers.

Q. Yes, I imagined that is what happened. Then could you tell me if the 3,400 shares that were left in the Syndicate, after Sweezy got his 600, were sold at a uniform rate?—A. No, sir. They were sold at different prices.

Q. As the project progressed, I presume, and became more attractive the price went up?—A. Well, partly so and partly for other reasons. The price was smaller for larger investments. I would prefer to wait until I had my books available to give you the exact price at which they were sold and the times at which they were sold.

Q. Could you tell me then, were all the balance of the First Syndicate units, that is the 3,400, sold?—A. They were all sold, sir.

Q. And could you tell me approximately the amount of money they realized for the Syndicate?—A. The whole 5,000, that would include your question plus the other thousand—I am afraid I cannot tell you what the 3,400 realized apart from the whole business.

Q. When the Syndicate unit capital was subsequently, as I believe it was, increased to 5,000, were there any of those extra 1,000 units transferred to anyone for other than cash in the same manner that the 600 were transferred to Sweezy?—A. No additional units were issued to anybody for other than cash except the 600 that went to Sweezy.

Q. Yes. So that that left 4,400, and they were all sold, paid for in cash?
—A. Yes, sir.

Q. Were they all sold?—A. They were all sold.

Q. And how much cash approximately did that bring into the treasury of the Syndicate?—A. \$261,000 exactly.

By Mr. White:

Q. When Mr. Swezey got his 600 units did he also get back either by way of agreement to pay or any other way, the \$100,000 which he either had to pay or agreed to pay to Robert?—A. Yes, he did. He received that as well.

Mr. WHITE: Mr. Chairman, I have a letter here written to me from Toronto under date of July 4, 1931, from a gentleman named Duncan McIntosh, who names a lot of other prominent gentlemen. He previously had written to me stating he wanted to appear before the committee, and by direction of the Chairman I wrote to him asking him what evidence he proposed to give in order that I might place it before the committee to see whether this evidence would be relevant to the matters that we are inquiring into. This is his reply:—

Hon. Mr. MACKENZIE: Is he willing to come up before the committee? We cannot accept his evidence unless he appears.

Mr. WHITE: I quite appreciate that. There is nothing in this which is by way of being evidence.

The CHAIRMAN: I think we will leave the letter to counsel for the committee to deal with.

Mr. WHITE: I would like the approval of the committee for what I have done in the matter. I wrote him this letter:—

I beg to acknowledge receipt of your communication of the 4th inst., for which I thank you. In order that I might be able to place this matter properly before the committee, it will be necessary for you to give me a short statement of what you expect to be able to establish by the evidence of each of the witnesses named in your letter, so that the committee may determine whether that evidence is of importance and properly receivable. Will you kindly let me hear further from you with this information?

The CHAIRMAN: I think counsel has taken the proper course, so that no one can complain that they have not been given every opportunity to appear.

The CHAIRMAN: I presume the exhibits can be made available to-night, if necessary.

Mr. WHITE: Mr. Griffiths has kindly said he will let me have copies of those documents which are already filed, for my perusal. The others are pretty formidable looking. Perhaps if the counsel or officers of the Beauharnois Company are not needing them to-night they might be left in the care of the Clerk of the Committee, and kept safely somewhere, so that I could see them if occasion arose. That will obviate the necessity of taking them down and back.

The CHAIRMAN: Will that be satisfactory to you, gentlemen?

Mr. GRIFFITHS: I think so. I have no objection if they are in a safe place here. I am responsible for their custody.

Mr. HELLMUTH: We will not require them to-night.

The CHAIRMAN: Gentlemen, what about sitting in the evenings?

Hon. Mr. MACKENZIE: Could we have any indication from counsel as to how long the evidence will take? I would like personally to sit in the evenings.

Mr. WHITE: I find a great deal of difficulty, Mr. Chairman, in visualizing the amount of material that I have to place before the committee. I just came into the thing about two days before the committee started to sit, and I have been working at it very steadily ever since.

The CHAIRMAN: I doubt, Mr. Mackenzie, if we are going to make very much progress at the present time sitting in the evenings. I have found it most difficult in my practice going into a matter of this kind if I have not had an opportunity to peruse the documents. I think we had better postpone the idea of sitting in the evenings until a little later.

We will adjourn until to-morrow morning at 11 o'clock.

SCHEDULE "Y"

THE BEAUHARNOIS SYNDICATE

BY-LAW No. 1

Fiscal Year

The fiscal year of the Syndicate will end on the thirty-first day of December in each year, but the first fiscal year shall end on the thirty-first day of December, 1928, and shall comprise the period between the twelfth day of May, 1927, and the thirty-first day of December, 1928.

BY-LAW No. 2

General Meetings of Members

(a) The annual general meeting of the members of the Syndicate shall be held at such time, on such date not more than three months after the end of each fiscal year commencing with the fiscal year ending on the thirty-first day of December, 1928, as the Syndicate Managers may determine, at the chief place of business of the Syndicate, or at such other place in Canada as the Syndicate Managers may determine.

Special General Meetings

(b) Special general meetings may be called at any time by the President or on resolution of the Board of Syndicate Managers, and must be called upon written request representing at least one-fourth of the outstanding part-interests of the Syndicate, and shall be held at the chief place of business of the Syndicate or at such other place as may be fixed by the notice calling the same.

Notices

(c) Notices of general meetings (whether annual or special) shall indicate the time and place of the meeting, and shall be given by letter mailed to each member at least ten days before the date of the meeting to the address shown on the books of the Syndicate, or to the last known address, and it shall not be necessary to register such letters nor to make any newspaper or other publication of the notice. Notices of special general meetings must specify the business to be transacted thereat, and no other business shall be transacted thereat without the unanimous consent of all the members of the Syndicate.

Quorum

(d) The quorum at any general meeting of members shall be representation personally or by proxy of a majority of the issued part-interests of the Syndicate, provided there be at least two members entitled to vote present in person. At any meeting which is attended by less than a quorum, a majority of the part-interests represented may adjourn the meeting for a period of not more than thirty days without further notice, and if a quorum be represented at such adjourned meeting, any business can then be transacted which could have been transacted at the meeting as originally called.

Proxies

(e) Each member may vote either in person or by written proxy. No person shall act as proxy unless he is a member entitled to vote, but persons not members may be appointed to represent corporations holding part-interests in the Syndicate and to vote on such part-interests for such corporations.

Casting Vote

(f) In case of a tie the Chairman of the meeting shall have a casting vote in addition to such other votes as he may have as a member.

Officers of Meetings

(g) The President, or in his absence a Vice-President (in order of seniority), or in the absence of any Vice-President, the Chairman chosen by the meeting, shall preside at all meetings of members of the Syndicate and of Syndicate Managers. The Secretary of the Syndicate, or, in his absence, such person as is chosen by the presiding officer, shall act as Secretary of all meetings of members and of Syndicate Managers.

Waivers

(h) A written waiver of notice of any meeting or of the purposes of any meeting, whether signed before, at or after the meeting, shall be effective as due notice of that meeting to all intents and purposes to the persons executing such waiver.

Minutes of Meetings

(i) Minutes shall be kept of the proceedings at each meeting of the members and shall be signed by the Chairman and Secretary of the meeting, and such minutes when so signed shall be conclusive proof of the proceedings at that meeting.

Decision of Members

(j) Except where otherwise provided in the agreement constituting and governing the Syndicate, all questions which it is required or desired should be decided by members of the Syndicate shall be decided by a majority of votes cast at any general meeting of members at which a quorum is present, but any consent, approval or other decision may be given or made without the holding of a general meeting provided such consent, approval or other decision is evidenced by a written instrument or instruments signed by all the members of the Syndicate.

Syndicate Managers—Election and Removal

(a) The Board of Syndicate Managers shall be elected at each annual general meeting of members to hold office for one year or until their successors are elected. The first Syndicate Managers' names in the agreement constituting and governing the Syndicate shall hold office until the first

Annual General Meeting

Any Syndicate Manager may be removed from office at any time upon a resolution of the members at a general meeting, and a successor may be elected by the members at a general meeting. Elections of Managers do not need to be by ballot.

Meetings of Syndicate Managers

(b) Meetings of Syndicate Managers shall be held at such times and places as may be deemed convenient and may be called by the President or Vice-President, or by a majority of the Syndicate Managers then in office, but a meeting shall be held immediately after each annual general meeting of members at which the officers of the Syndicate will be elected for the ensuing year, or until their successors are elected.

Notices

(c) Notices of meetings of Syndicate Managers shall be given by letter posted at least one day before such meeting but when it is deemed to be urgent the Syndicate Managers may be summoned at any time before the meeting by telegraph or telephone, or in any other practicable manner. No notice is necessary for the meeting of Syndicate Managers to be held immediately after each annual general meeting of members.

Voting Power

(d) Syndicate Managers can only vote in person and each Syndicate Manager will have one vote without reference to the number of part-interests which he holds. The Chairman shall both have the right to vote as a Syndicate Manager and shall also have a casting vote in case of a tie.

Quorum

(e) The quorum for meetings of Syndicate Managers shall be three Syndicate Managers.

Written Votes

(f) Any Syndicate Manager's Vote may be obtained in writing over his signature before or after the meeting, or (if unanimous) without any meeting being called, and shall then be valid and effective to all intents and purposes.

Waivers

(g) A written waiver of notice of any meeting or of the purposes of the meeting, whether signed before, at or after the meeting, shall be effective as due notice of that meeting to all intents and purposes to the Syndicate Managers executing the same.

Vacancies

(h) Any vacancy or vacancies occurring on the Board of Syndicate Managers, whether by death, disqualification, retirement or otherwise, may be filled for the remainder of the term by a majority of the Syndicate Managers still in office, whether such majority constitute a quorum of the Syndicate Managers or not.

Remuneration

(i) The members shall decide from time to time the remuneration (if any) of the Syndicate Managers.

*BY-LAW No. 4**Officers—Election*

(a) The Syndicate Managers, after each annual meeting of members, shall elect the officers of the Syndicate for the ensuing year, or until

their successors are elected, but any officer may at any time be removed from office by a vote of the members at a general meeting and a successor may be elected by a vote of the members at a general meeting.

Personnel

(b) The officers of the Syndicate shall be a President who must be a member and a Syndicate Manager, and a Secretary and a Treasurer, neither of whom need be a member or a Syndicate Manager, and one or more Vice-Presidents may be elected from amongst the Syndicate Managers, and any two of these offices (except the offices of President and Vice-President) may be held by one and the same person. The Syndicate Managers may also appoint such other officers and assistants as they deem expedient and may confer upon such officers such powers and allot to them such duties as the Syndicate Managers consider advisable.

President

(c) The President shall preside at all meetings of members and of Syndicate Managers, and shall perform all the duties which would be incidental to the office of President of an incorporated company.

Vice-President

(d) The Vice-President, or Vice-Presidents, if elected, shall (in order of seniority if there be more than one) perform all the duties of the office of President whenever the President is absent or for any reason unable to act as President.

Secretary

(e) The Secretary shall keep proper records of all meetings of members and of Syndicate Managers and shall have charge of all the books and records of the Syndicate (except insofar as the Syndicate Managers may otherwise arrange), and shall give notice of all meetings of members and of Syndicate Managers, and shall attend to such other duties as may be assigned to him by the Syndicate Managers, from time to time.

Treasurer

(f) The Treasurer shall have charge of all moneys and securities of the syndicate (except in so far as the Syndicate Managers may otherwise arrange), and shall keep full and accurate accounts of all receipts and disbursements and shall attend to such other duties as may be assigned to him by the Syndicate Managers from time to time.

Vacancies

(g) Any vacancy or vacancies occurring among the officers may be filled by the Syndicate Managers for the balance of the term.

Remuneration

(h) The Syndicate Managers shall decide from time to time what remuneration (if any) the various officers shall receive as such.

BY-LAW No. 5

Capital of the Syndicate—Certificates

(a) Certificates for part-interests shall be in such form as the Syndicate Managers may determine and shall be signed by the President or a Vice-President and the Secretary or the Treasurer, and the Syndicate Managers may by resolution authorize any Syndicate Manager to sign in place of any of the said officers.

Transfers of Part-Interests

(b) The part-interest transfer books may be closed before meetings of members and before payment of dividends, for such periods and after such notice as may from time to time be determined by the Syndicate Managers.

BY-LAW No. 6

Bills of Exchange

All promissory notes and all cheques and other bills of exchange to be signed, drawn, accepted or endorsed by or on behalf of the Syndicate shall be signed, drawn, accepted or endorsed by such person or persons as may from time to time be authorized by resolution of the Board of Syndicate Managers, whether the persons so authorized be officers or Syndicate Managers or not, but any bills of exchange may be endorsed for collection or for deposit on account of or to the credit of the Syndicate by means of a rubber stamp, or in any other convenient way, the whole however subject to the limitations and restrictions set out in Article 9 of the agreement constituting and governing the Syndicate.

BY-LAW No. 7

Auditors

An auditor or auditors of the affairs of the Syndicate shall be appointed at each annual general meeting of members to hold office until the next annual general meeting, and an auditor or auditors to hold office until the first annual general meeting shall be appointed as soon as practicable after the coming into force of these By-Laws by the Syndicate Managers. No Syndicate Manager or officer of the Syndicate shall be appointed auditor. When any vacancy occurs in the office of auditor before the end of the term, that vacancy may be filled by the Syndicate Managers for the balance of the term, but while any such vacancy continues the remaining auditor or auditors, if any, shall continue to act.

This is Schedule "Y" referred to in the annexed agreement between Robert Oliver Sweezey and others and the Marquette Investment Corporation.

21. R.O.S.
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SESSION 1931

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

BEAUHARNOIS POWER PROJECT

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

WEDNESDAY, JULY 8, 1931

WITNESS:

Mr. Hugh Griffith, Secretary Treasurer, Beauharnois Power Corporation,
Limited.

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1931



EXHIBITS FILED

No. 60—Part 1. Copy of memorandum of agreement, February 3, 1927, between (1) W. H. Robert, J. A. Robert, Sarah M. Robert, (2) R. O. Sweezey, and (3) National Trust Company, Ltd.

Part 2. Copy of agreement, February 3, 1927, between (1) W. H. Robert, E. A. Robert, J. A. Robert, Miss S. M. Robert, and (2) R. O. Sweezey.

No. 61—Department of Railways and Canals, Ottawa. File 15261 (Canal Branch) respecting Sterling Industrial Corporation, Limited.

No. 62—Department of Public Works, Ottawa. File 10898-1 (including blueprint) respecting Sterling Industrial Corporation, Limited.

No. 63—Department of Secretary of State, Ottawa. Certified copy of Letters Patent, July 15, 1924, incorporating Sterling Industrial Corporation, Limited.

No. 64—Beauharnois Power Corporation Ltd. Book A and Book B, containing By-laws and Minutes of Board of Directors, September 30, 1929, to April 22, 1931.

No. 65—Beauharnois Power Corporation, Ltd. Minutes of Management Preferred Shareholders, December 20, 1929, to March 11, 1931.

No. 66—Marquette Construction Corporation. Corporate Records, By-laws and Minutes, November 4, 1929, to November 3, 1930.

No. 67—Beauharnois Construction Company. Minutes of Directors, Minutes of Shareholders, July 10, 1929, to March 25, 1931.

No. 68—Beauharnois Land Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.

No. 69—Beauharnois Transmission Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.

MINUTES OF PROCEEDINGS

WEDNESDAY, July 8, 1931.

The Special Committee appointed to investigate the Beauharnois Power Project met at 11 a.m. Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugene), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

At the suggestion of Mr. White, K.C., of counsel for the Committee, and on motion of Mr. Gardiner,—

Ordered,—That the Secretary of the Department of Public Works, Ottawa, and the Secretary of the Department of Railways and Canals, Ottawa, be respectively asked to supply the departmental file respecting the application of the Sterling Industrial Corporation, Limited, in connection with water powers on the Soulanges section of the St. Lawrence River, or any other part of that river.

Ordered,—That the Department of the Secretary of State, Ottawa, be asked to supply a certified copy of Letters patent of Sterling Industrial Corporation, Limited, dated 15th July, 1924.

Mr. Hugh Griffith, Secretary-Treasurer, Beauharnois Power Corporation, Limited, was recalled and further examined. During the course of Mr. Griffith's examination, Mr. White, K.C., filed,—

Exhibit No. 60—Part 1. Copy of memorandum of agreement, February 3, 1927, between (1) W. H. Robert, J. A. Robert, Sarah M. Robert, (2) R. O. Sweezey, and (3) National Trust Company, Ltd.

Part 2. Copy of agreement, February 3, 1927, between (1) W. H. Robert, E. A. Robert, J. A. Robert, Miss S. M. Robert, and (2) R. O. Sweezey.

The Committee adjourned at 1 p.m. until 2.30 p.m.

The Committee resumed at 2.30 p.m. Hon. Mr. Gordon, the Chairman, presided.

Members present: Messrs. Dorion, Fiset (Sir Eugene), Gardiner, Gordon, Jacobs, Jones, Lennox, Mackenzie (*Vancouver Centre*), Stewart (*Lethbridge*).

Pursuant to an Order of the Committee, issued this day, documents were received by the Committee, as follows:—

From Department of Railways and Canals, Ottawa: File No. 15261 of the Canal Branch respecting Sterling Industrial Corporation, Limited.

From Department of Public Works, Ottawa: File No. 10898-1 (including blueprint) respecting Sterling Industrial Corporation, Limited.

From Department of Secretary of State, Ottawa: Certified copy of Letters Patent, July 15, 1924, incorporating Sterling Industrial Corporation, Limited.

Mr. White, K.C., filed,—

Exhibit No. 61—Department of Railways and Canals, Ottawa. File 15261 (Canal Branch) respecting Sterling Industrial Corporation, Limited.

Exhibit No. 62—Department of Public Works, Ottawa. File 10898-1 (including blueprint) respecting Sterling Industrial Corporation, Limited.

Exhibit No. 63—Department of Secretary of State, Ottawa. Certified copy of Letters Patent, July 15, 1924, incorporating Sterling Industrial Corporation, Limited.

The examination of Mr. Griffith was resumed. During the examination, Mr. White, K.C., filed,—

Exhibit No. 64—Beauharnois Power Corporation Ltd. Book A and Book B, containing By-laws and Minutes of Board of Directors, September 30, 1929, to April 22, 1931.

Exhibit No. 65—Beauharnois Power Corporation, Ltd. Minutes of Management Preferred Shareholders, December 20, 1929, to March 11, 1931.

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Exhibit No. 69—Beauharnois Transmission Company. Minutes of Directors, Minutes of Shareholders, November 20, 1929, to March 25, 1931.

Mr. Griffiths retired.

The Committee adjourned until to-morrow at 11 a.m.

JOHN T. DUN,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 231,

WEDNESDAY, July 8, 1931.

The Select Special Committee appointed to investigate the Beauharnois Power Project met at 11 o'clock, Hon. W. A. Gordon presiding.

Appearances: Peter White, K.C., Louis Morin, K.C., B. H. L. Symmes, for the Committee.

I. F. Hellmuth, K.C., G. H. Montgomery, K.C., L. A. Forsythe, K.C., for the Beauharnois Company.

J. R. L. Starr, K.C., for Senator McDougald; Hon. Lucien Cannon, K.C., for the Province of Quebec; Lucien Moraud, K.C., for the Royal Trust Company.

HUGH B. GRIFFITH, recalled.

Mr. WHITE: I might say, Mr. Chairman, that I have, in accordance with the suggestions of Mr. Cannon who is appearing for the Province of Quebec, dictated a memorandum of such documents as we request from the provincial authorities.

The CHAIRMAN: Has that been forwarded to Mr. Cannon?

Mr. WHITE: It will be this morning. I propose to proceed this morning, Mr. Chairman, with the permission of the committee, with the filing of the minutes, in an endeavour to lay before the committee in some sort of chronological or consecutive way the proceedings leading up to the transfer of property and rights to the Beauharnois Light, Heat and Power Company, and the subsidiary companies.

The CHAIRMAN: The transfer of rights to the Beauharnois Light, Heat and Power Company?

Mr. WHITE: Yes. And also to the Beauharnois Power Corporation. We had presented last night by Mr. Griffith at adjournment a document dated the 3rd of February, 1927, and I was about to read it. I would rather if Mr. Griffith would let me have—I do not know whether he has it—a copy of the agreement between Robert and the Beauharnois Light, Heat and Power Company by which in 1902 certain rights were transferred to that company. It is a little difficult to determine just what rights were sold by the Roberts originally to the company, and what was left in them, other than the shares of that company, to be transferred, under the option, to Mr. Sweezey, which was turned over to the syndicate and exercised and turned over ultimately to one or other of the companies.

The CHAIRMAN: Does that agreement appear in the minute book?

WITNESS: There is a reference to it. It is suggested to me, Mr. White, that we have a solicitor's opinion and analysis of the chain of title which was prepared at the time we bought the property, prepared by Messrs. Meredith, Heward and Holden, and I could supply a copy of that information, which I think sets it out in legal form.

Mr. WHITE: Is that available at once?

Mr. MONTGOMERY: That deed, Mr. Christie tells me, is already filed as part of an application made in January, 1928. It is schedule "C" of the application which you have in the record now.

By Mr. White:

Q. Does the opinion of which you speak, Mr. Griffith, set out what rights were outstanding? That is, untransferred to the company by the 1922 agreement?—A. It sets it out in the form of a report on title to real property—a report of the real property which was owned by the Beauharnois Light, Heat and Power Company in 1927.

Mr. WHITE: You see, Mr. Chairman, as I read the document, the rights of the Roberts to certain property were transferred in 1902 to the Beauharnois Light, Heat and Power Company which then was the Robert Company. Then when Mr. Swezey got his option and that option was exercised and certain rights were transferred to them—at least under the agreement with Mr. Swezey the same properties are given similar particulars, not all of them—I mean they do not correspond exactly—but the same properties are again—the rights to the same properties are again transferred by the Roberts.

Mr. MONTGOMERY: There is an assignment in 1910, I believe.

Mr. WHITE: Mr. Griffith tells me that there is attached to it the agreement of 1902.

WITNESS: No, it is 1910.

Mr. WHITE: I see this reference in the minutes of the shareholders of the Beauharnois Light, Heat and Power Company, held in Montreal on the 22nd April, 1902. There were present Joseph Bartholomew Robert, William Henry Robert, by proxy of Charles James Fleet, Edward Black Greenshields, Edward Charles Barry Featherstonhaugh and Charles James Fleet, being all the shareholders of the company; and this resolution was passed: "That the directors be authorized for and on behalf of the company to purchase from Messrs. Joseph Bartholomew Robert and William Henry Robert of Beauharnois the whole or such portion as they may deem advisable of the property of the said J. B. Robert and W. H. Robert for such price and on such terms and conditions as they may deem best and to secure the purchase price in any way."

There was an agreement, as I understand it, entered into at that time, as appears in the minutes of meeting of directors of the company held on the same day as the meeting of the shareholders when this resolution was passed: "Whereas Mr. Joseph Bartholomew Robert has offered to sell to the company certain real property as follows, to wit—the property acquired by the said J. B. Robert under the following deeds:—"

And then certain deeds are cited. I need not bother you with that.

The CHAIRMAN: I presume that would refer to deeds of property apart from the right to the water?

Mr. WHITE: There were no water rights then except in the feeder.

WITNESS: And the St. Louis River.

Mr. WHITE: Well, I am including that. It says:

Exchange between Joseph B. Robert and the Dominion Blanket and Fibre Company, Limited, 10th April, 1893, W. de M. Marler, N.P., and all other property used in connection with the vendor's water power at Beauharnois including the water and shore lots for which he has made application to the Provincial Government, and which are situated near Valleyfield, less however any property or rights which have been previously sold by the said J. B. Robert, and less also the house and grounds used immediately in connection therewith now occupied as a dwelling by the said J. B. Robert, the whole for the sum \$400,000 payable \$200.00 cash at the execution of the deed, and the balance on the first day of September next at the domicile of the said vendors in Beauharnois.

The whole point being that the major part of whatever the rights were of Robert in property and water power at that time were, by this agreement, transferred to the Beauharnois Light, Heat and Power Company. Then it becomes necessary to examine the agreement between Robert and Sweezy to ascertain what rights in addition to the shares in the Beauharnois Light, Heat and Power Company were acquired, and as that means a minute examination of it I am not to bother the committee with it until I have it in such form that it can be placed before you perhaps in the form of a memoranda, so that I will not occupy the time of the committee in going over it. I am just calling the attention of the committee to that phase of it now.

By Mr. White:

Q. Then coming to the agreement which you handed me last night, and which will be Exhibit No. 60, that is an agreement dated 3rd February, 1927.—
A. Yes.

Q. Between William Henry Robert, Joseph Alfred Robert and Miss Sarah Mary Robert, acting in their personal capacity as executors and executrix. That is, they were all acting personally as well as executors and executrix of the last Will and Testament, and codicil thereto of the late Dame Sarah Robert in her lifetime widow of the late Joseph Bartholomew Robert, hereinafter called vendors, and Robert Oliver Sweezy, hereinafter called the purchaser.

Witnesseth: Whereas the Vendors declare that they together with their brother Edmund Arthur Robert of the said city of Montreal are the only residuary legatees under the Last Will and Testament of their father, the said late Joseph Bartholomew Robert, executed before Maitre William de M. Marler and colleague, Notaries, on the 7th July, 1886, and Codicil thereto executed before the said William de M. Marler and colleague, Notaries, on the 12th July, 1886; and

Whereas the said Vendors declare that the said Edmund Arthur Robert by deed executed before the said Maitre W. de M. Marler, Notary, on the 27th July, 1909, did transfer, assign and make over unto his mother, the said late Dame Sarah Robert, all his right, title and interest to and in the Estate and succession of his father Joseph Bartholomew Robert; and

Whereas the Vendors declare that they are the Executors and Executrix of and under the said Last Will and Testament of the said late Dame Sarah Roberts executed before Maitre W. de M. Marler and colleague, Notaries, on the 27th July, 1909, and to and under the Codicil thereto in English form dated the 5th of March, 1910, and duly probated in the Superior Court of the district of Beauharnois on the 12th April, 1922, and that as such Executors and Executrix they are vested with power to make the sale and enter into the other covenants herein contained and that their seizin extends beyond the year and day allowed by law;

Now, therefore, these presents witness that the parties hereto have agreed together as follows:—

1. The Vendors hereby sell, transfer, assign and make over without warranty of any kind, restitution of price or other recourse whatsoever (except as to their own acts and deeds only) unto the Purchaser hereto present and accepting, all the Vendors' rights, title and interest in, to or under,

(a) An agreement bearing date the 28th December, 1909, between His Majesty The King of the First Part and the said Dame Sarah Roberts and the Vendors of the Second Part, the Vendors declaring that the said Parties of the Second Part by deed passed before L. C. Tasse, Notary, on the 26th March, 1910, under his number 7156 transferred all their

rights under the said agreement to the Beauharnois Light, Heat and Power Company, all the capital stock of which Company is herein conveyed to the Purchaser, and that the present transfer of their rights under this agreement is made with a view to abandoning to the Purchaser any rights that the Vendors might still have in the said agreement.

This is illustrating the importance of what I said a moment ago as to the comparison of the property and rights being transferred, or purporting to be transferred:—

(B) A certain feeder carrying water from Lake St. Francis to the River St. Louis with the land belonging thereto, the said feeder and land being known as lot number 341 on the Official Plan and in the Book of Reference of the Parish of St. Cecile, and certain lots at the mouth of the said feeder being known as lots numbers 172, 173 and 175 on the said Official Plan and in the said Book of Reference; the Vendors declaring that the said feeder and land lot number 341 and the said lots numbers 172, 173 and 175 have been transferred to the said Beauharnois Light, Heat and Power Company by the said Joseph Bartholomew Robert by deed of the 14th May, 1902, passed before Maître W. de M. Marler, Notary, under his number 25290, and that the present transfer of their rights to the said lots is thus made with a view to abandoning in favour of the Purchaser any rights which the Vendors may still have thereto.

(C) The following deeds:—

- (1) Ellice to Robert dated 11th September, 1867;
- (2) Ellice to Robert dated 11th May, 1871;
- (3) Browning to Robert dated 11th May, 1871;
- (4) Browning to Robert dated 23rd January, 1884;
- (5) Ellice to Robert dated 18th March, 1903;

Less any and all rights and property transferred with warranty under clause 2 hereof, as well as those heretofore parted with by the Vendors and more especially the piece of land on the east side of the River St. Louis transferred to the Roman Catholic Church by deed before Tasse, Notary, dated 10th October, 1905.

(D) That certain deep water lot situate in the said Lake St. Francis immediately in front of the said lots 172, 173 and 175, Parish of St. Cecile, acquired by the late Joseph Bartholomew Robert from the Province of Quebec by Letters Patent dated 5th June, 1902, the said Vendors hereby declaring that the said deep water lot was transferred by the said Joseph Bartholomew Robert to the said Beauharnois Light, Heat & Power Company by deed of Sale passed before W. de M. Marler, Notary Public, on the 14th May, 1902, and that the present transfer of their rights thereto is thus made with a view to abandoning in favour of the Purchaser any rights which the Vendors may still have thereto.

(E) Water power in the River St. Louis.

2. The Vendors hereby sell, transfer, assign and make over a warranty unto the Purchaser thereof accepting, the following—

I suppose that means “with warranty”. I am not accustomed to the form of the conveyance.

Mr. MONTGOMERY: I should think so.

Mr. WHITE: Mr. Montgomery tells me, Mr. Chairman, that probably means "with warranty":

(A) All the issued shares of the capital stock of Beauharnois Light, Heat and Power Company a body corporate created by the Act 2 Edward VII, Chapter 72 which was amended by the Act 1 George V, chapter 77 of the Province of Quebec, which shares the Vendors covenant and agree are fully paid up and non-assessable but without warranty of any kind restitution of price or other recourse whatsoever in respect of the items described in sub-paragraphs (A), (B) and (D) of paragraph one hereof or any other property or rights of the Company but the Vendors warrant that the said Company has no debts or liabilities other than current taxes and all indebtedness to the Vendors which is being discharged concurrently with the execution of this agreement, and those which may have been incurred in the ordinary course of its business.

(B) That certain lot known as number 266 on the Official Plan and in the Book of Reference of the Parish of St. Clement.

(C) That certain lot known as number 555 on the Official Plan and in the Book of Reference of the Town of Beauharnois less:

(i) The strip of land sold to the Beauharnois Junction Railway by deed registered in the Beauharnois County Registry Office under No. 25032.

(ii) The rights granted to the Howard Smith Paper Company Limited by deed of the 5th October, 1912. (Sidings, etc.)

(iii) The rights granted to the Howard Smith Paper Mills Limited under deed of the 3rd of April, 1917 (Transmission lines, gas, water, drains, etc.).

(iv) The parts of lot 555 and the rights transferred to the Howard Smith Paper Mills Limited by deed dated the 14th of September, 1922.

(v) The part of lot 555 described in paragraph (D) (iii) hereof; by the Howard Smith Paper Company Limited and the Howard Smith Paper Mills Limited under the deeds above mentioned in this paragraph.

(D) That certain lot known as number 556 on the Official Plan and in the Book of Reference of the Town of Beauharnois less;

(i) That part of said lot number 556 sold to the Dominion Blanket and Fibre Company by deed dated the 10th of April, 1893, and the water power and other rights therein mentioned.

(ii) The Homestead property of the Vendors forming the South West Corner of Mill and St. Lawrence Streets, which with the property sold to Mrs. Lefebvre hereinafter mentioned forms the block of land not enclosed in green lines on the plan made by M. D. Barclay, Q.L.S., dated the 11th October, 1921, with the servitudes and other rights appertaining thereto including right to drain with the River St. Louis across Mill Street and part of Cadastral lot 559 and the right to use Mill Street which purchaser recognizes as a public thoroughfare.

(iii) That certain piece of land forming part of said lot number 556 and of said lot number 555 bounded to the north by St. Lawrence Street, to the east by the property of the Howard Smith Paper Mills Limited, to the south by the right of way of the St. Lawrence and Adirondack Railway, to the west by an Avenue known as Victoria on the cancelled subdivision plan of the Town of Beauharnois and the continuation of said Avenue in a straight line to the said right of way.

(iv) That piece of land sold to Howard Smith Paper Company by deed dated 5th October, 1912.

(v) Subdivisions 1 and 2 of said lot 556.

(vi) The rights granted to Howard Smith Paper Mills Limited by deed dated the 3rd April, 1917, (transmission lines, gas, water, drains, etc.).

(vii) That piece of land sold to Mrs. Arthur Lefebvre by deed before J. C. Trudeau, N.P., dated the 7th of May, 1917, with servitude over lot No. 559.

(viii) The land and rights sold to Howard Smith Paper Mills Limited by deed dated the 14th of September, 1922.

Subject to the rights granted by the Vendors in the deeds mentioned in this paragraph and including the reserves therein also mentioned in favour of the Vendors.

Apparently certain rights had been granted in the water powers and land to certain people, and this purports to grant the reversion or the reservation in those deeds:

(E) That certain lot known on the said Official Plan of the Town of Beauharnois as lot number 557, less a small corner thereof carrying the flume to the property of Jacques Bisailon or his representatives.

(F) That certain lot known on the said Official Plan of the Town of Beauharnois as lot number 559 less:

(a) A thirty-foot roadway on the west side thereof.

(b) Subdivision 1 of said lot number 559.

(c) All rights granted to the Corporation of the Town of Beauharnois under deed dated the 7th of October, 1914, (drain, etc.).

(d) That piece of land $17\frac{1}{2}$ by 17 sold to the Howard Smith Paper Mills Limited under deed of exchange with the Beauharnois Light, Heat and Power Company dated the 5th day of October, 1912.

(e) The piece of land owned by Leduc and Fortin and all rights acquired by them from their auteurs.

(f) The rights granted to the Howard Smith Paper Mills Limited under deed dated the 3rd April, 1917 (Transmission lines, gas, water, drains, etc.).

(g) That piece of land of about 1,161.5 feet sold to the Howard Smith Paper Mills Limited by deed dated the 25th of February, 1918.

(h) The pieces of land sold to Howard Smith Paper Mills Limited by deed dated the 14th of September, 1922, and corrected by deed dated the 17th of May, 1924.

Subject to the rights granted by the vendors in the deeds mentioned in this paragraph and including the benefit of all reserves in favour of the Vendors therein.

(3) There is reserved and excepted from the present sale all the rights of all parties other than the Vendors and the Beauharnois Light, Heat & Power Company, in the said feeder and in the said River St. Louis and to power from or to take or use the water of or from the said River St. Louis.

There is also reserved from the present sale the lighthouse at or near the mouth of the said feeder together with the land serving the same and the right of ingress and egress thereto in favour of the Dominion Government.

(4) It is understood and agreed that it is the intention of the Vendors to sell and transfer and of the Purchaser to purchase, in addition to the properties and rights hereinabove described, any and all properties and

rights which the Vendors may own which may be useful to the Purchaser in carrying out the proposed hydro electric development hereinafter referred to, except those properties and rights heretofore sold by the Vendors and those which are herein specifically reserved and, moreover, the Vendors hereby sell and transfer to the Purchaser any and all rights and claims if any which they may have against the said Beauharnois Light, Heat and Power Company.

(5) The Vendors undertake and agree to deliver to the Purchaser forthwith upon demand written resignation of all the present Directors of the Beauharnois Light, Heat and Power Company.

(6) The Vendors shall have the right until the month of September, 1927, to remove from the properties hereby sold all movable property thereon or therein belonging to them.

(7) The purchaser declares that it is his intention to develop or cause to be developed the water powers existing by reason of the difference in level, between Lake St. Francis and Lake St. Louis.

(8) The present sale is thus made for the following price and consideration payable by the purchaser to the Vendor, as follows:—

A. One hundred thousand dollars (\$100,000), paid to the Vendors at the execution of these presents by accepted checks payable to the order of William H. Robert the receipt whereof is hereby acknowledged by the Vendors.

B. Two hundred and fifty thousand dollars (\$250,000) in cash concurrently with the first issue of bonds provided for in sub-paragraph (C) hereof, or at the termination of three years from the date of these presents if such issue of bonds be not made within that period, but subject always to the right of extension as stipulated in paragraph 10 hereof.

I may say that there was a rearrangement, and the bonds that were contemplated by this agreement were not issued and other bonds were later substituted by a supplementary agreement:—

C. Five hundred thousand dollars of face value of bonds forming part of the first issue of bonds to be made for the purpose of financing the cost of developing the water power or any part thereof existing by reason of the difference in level between Lake St. Francis and Lake St. Louis which issue shall have priority over all other issues of bonds or debentures for such purpose. The purchaser declares that the development aforesaid shall be made by the Beauharnois Light, Heat and Power Company or by some other company which he or his assigns shall directly or indirectly cause to be organized and the bonds above referred to shall be the bonds of whichever such Company may undertake such development and if any bonus of common stock is given to any underwriters of such bonds, the Purchaser shall at the same time as he delivers the said Five Hundred thousand dollars in face value of bonds to the Vendors, deliver to the vendors a bonus of Common Stock on the same basis as the best bonus given to any underwriters of the said bonds; such Five hundred thousand dollars in face value of bonds together with the said bonus, if any, of Common Stock shall be delivered at the time when such first issue of bonds is made and such issue and delivery shall not be later than three years from the date hereof, but subject always to the right of extension stipulated in paragraph 10 hereof.

(D) One hundred and fifty thousand dollars (\$150,000) in cash on the date when any part of the power plant to be erected shall be first put into operation for the delivery of electric power to any customer, or the Vendors may at their option demand in lieu of payment of One Hundred

and fifty thousand dollars (\$150,000) cash, bonds of the value of One hundred and fifty thousand dollars (\$150,000) at the rate paid for such bonds by the underwriters, together with a bonus of Common Stock on the same basis as mentioned in sub-paragraph C of this paragraph 8.

(E) Five hundred thousand dollars (\$500,000) of First Preferred Stock of the Company issuing the bonds provided for in sub-paragraph (C) of this paragraph 8, and if any bonus of Common Stock of the said Company is given to any underwriters of such Preferred Stock the purchaser shall at the same time as it delivers the same Five hundred thousand dollars (\$500,000) of First Preferred Stock together with the said bonus, if any, of Common Stock, to be delivered to the Vendors at the same time as the payment of the said sum of One Hundred and fifty thousand dollars (\$150,000) mentioned in sub-paragraph D of this paragraph 8.

(F) One hundred (100) shares of a syndicate of four thousand (4,000) shares at the outset but subject to increase up to (5,000) shares, if necessary, to be formed to do the preliminary work in respect of and the preliminary financing for the said development; the said syndicate may be incorporated or unincorporated as the Purchaser may deem best, and the Purchaser undertake that the same W. H. Robert, one of the Vendors, shall be appointed one of the Directors or Managers, as the case may be, of the said syndicate; the said One hundred (100) shares shall be delivered when the said syndicate is organized and the said W. H. Robert shall be appointed at the same time as the Purchaser is appointed a Director or Manager.

9. At the time of the delivery to the Vendors of the said Five hundred thousand dollars (\$500,000) of Preferred Stock, the Vendors shall receive common stock of the Company referred to in sub-paragraph (C) of paragraph 8 hereof, on a basis to be agreed upon to compensate them for interest at the Preferred Dividend rate on the aforesaid Five hundred thousand dollars of First Preferred Stock between the date of the aforesaid first issue of bonds and the date of delivery of the said Preferred Stock. However the Purchaser may at his option pay such interest in money.

10. It is expressly understood and agreed, however, that the Purchaser may obtain a further delay of three (3) years (that is to say, until the expiration of six (6) years from the date hereof) for the issue of the bonds and the payment of the instalments of purchase price mentioned in sub-paragraphs B and C of paragraph 8 hereof, by paying to the Vendors at any time within three (3) years from the date hereof the sum of One Hundred thousand dollars (\$100,000) such payment of One hundred thousand dollars (\$100,000) to be applied in satisfaction to that extent of the instalment provided for in sub-paragraph B of paragraph 8 hereof, it being understood, however, that nothing herein contained shall entitle the Purchaser to postpone the date of the complete payment of the said instalments provided for in sub-paragraphs B and C of paragraph 8, hereof beyond the date when the first issue of bonds is made as aforesaid.

11. As security for the payment of the instalments of purchase price provided for in sub-paragraphs B and C of paragraph 8 hereof, the shares of the capital stock of the said Beauharnois Light, Heat and Power Company have been transferred to the National Trust Company Limited to be held by it as Trustee until payment in full of the said two instalments, and in default of payment of either of the said instalments with-

in the delay stipulated, or any extension hereof as herein provided for, the said shares are to be returned by the Trustee to the Vendors. So long as the said shares are held by the Trustee the Purchaser shall have complete right and power to vote the same at any and all meetings of shareholders of that company for any and all purposes except the alienation, hypothecation or charging of the assets of that company, provided that nothing herein contained shall permit the said shares being voted for the purpose of authorizing, creating and issuing the bonds provided for in paragraph 8 hereof.

12. Upon payment of the instalments of the purchase price provided for in sub-paragraphs B and C of paragraph 8 hereof, the Vendors shall sign and execute such releases and discharges as may be reasonably required by the Purchaser to free and clear the properties and rights hereby sold of all claims, rights and privileges of the Vendors upon the said properties and rights and the said shares of the Beauharnois Light, Heat & Power Company shall be delivered by the Trustee to the Purchaser, provided, however, that the Purchaser deliver at the same time to the said Trustee Six hundred and fifty thousand dollars (650,000) in face value of the first mortgage bonds referred to in sub-paragraph C of paragraph 8 hereof, such bonds to be held by the said Trustee as security for the payment of the instalments of purchase price mentioned in sub-paragraph D and E of paragraph 8 hereof, and upon payment of the said instalments to be returned to the Purchaser, or in default of such payment to be delivered to the Vendors with the right to the Vendors to keep the same as their own property or at their option to enforce the payment of the instalments provided for in said sub-paragraphs D and E. The coupons attached to the said bonds shall not be presented for payment unless and until default is made in the payment of the said instalments of purchase price provided for in sub-paragraphs D and E of paragraph 8, hereof.

13. RESOLUTORY CONDITION

If the said instalments of the purchase price mentioned in sub-paragraphs B and C of paragraph 8 hereof be not made within the delays therein provided for, or the extension thereof provided for in paragraph 10, hereof if such be obtained, then the present sale shall thereupon become null and void to all intents and purposes and the properties and rights of the Vendors and all instalments of purchase price theretofore paid to the Vendors shall be forfeited to them as liquidated damages, but the Purchaser shall not be under any further liability or obligation hereunder. The mere lapse of the stipulated delay without payment being made shall of itself put the Purchaser in default and cause the Resolutive Condition herein provided for to take effect immediately without any demand or other formality whatsoever and the Purchaser shall reconvey the said properties and rights upon demand to the Vendors without reimbursement on the part of the Vendors of the value of any repairs or improvements, the Purchaser hereby renouncing thereto as well as to any rights to remove improvements. In the event of this Resolutive Condition taking effect, any rights, properties, privileges and concessions acquired by or in the name of the Beauharnois Light, Heat and Power Company shall remain the property of the said company without any compensation to the Purchaser, and in the event of any rights, privileges or concessions having been obtained for the benefit of the said proposed hydro electric development otherwise than in the name of the said Beauharnois Light, Heat and Power Company, the same shall

be transferred to it upon the said Resolutive Condition taking effect and upon the said resolutive clause taking effect any indebtedness of the Beauharnois Light, Heat and Power Company created after the date hereof by the purchaser or his assigns or nominees, shall be paid and discharged by the purchaser.

14. All municipal and school taxes upon the properties hereby sold and the properties of the Beauharnois Light, Heat and Power Company, from the first of January, 1926, shall be borne by the Purchaser, and all prior taxes by the Vendors.

15. The charge of the Vendors' solicitor Henry N. Chauvin, K.C., in connection with the present sale shall be paid by the Purchaser.

16. It is understood and agreed in regard to the suit of law (Superior Court Montreal No. 2620) instituted by the Great Lakes & Atlantic Canal & Power Co., Limited, against the said William Henry Robert et al (which has been dismissed by judgment of the Superior Court of Montreal confirmed by the Court of King's Bench, and is now in appeal to the Supreme Court of Canada) that if final judgment be obtained by the said Great Lakes and Atlantic Canal and Power Company, Limited, in its favour and the latter complete the purchase from the Vendors referred to in such suit, the present sale shall be null and void to all intents and purposes and the Vendors shall forthwith repay to the Purchaser such of the price and consideration provided for in paragraph 8 hereof as may have been heretofore paid and shall reimburse to the Purchaser all moneys expended by it in payment of taxes on the properties hereby sold without any further liability on the part of the Vendors.

17. It is further agreed that in the event of the said Great Lakes & Atlantic Canal and Power Co., Ltd., obtaining final judgment in its favour and completing the purchase as aforesaid, the Purchaser will not acquire directly or indirectly from the said Great Lakes & Atlantic Canal and Power Company, Limited, the properties and rights so purchased by it unless he purchase from the Vendors at a price to be agreed upon such of the properties and rights hereby sold as are not comprised in the properties and rights claimed by the said Great Lakes & Atlantic Canal and Power Co., Limited.

18. Any and all payments of the purchase price or consideration to be made by the Purchaser hereunder to or for the benefit of exoneration of the Vendors may be made to the said William Henry Robert on behalf of all the Vendors, or, if he be dead or otherwise incapable of receiving the same, then to the said National Trust Company, Limited, on behalf of all the Vendors, and the receipt and discharge of the said William Henry Robert or the said National Trust Company, Limited, as the case may be, shall be a good and valid discharge to the Purchaser for such payment, and the Purchaser shall not be obliged to see to the application of the moneys or other things so paid. The foregoing provision is a stipulation made by the Purchaser and is irrevocable without his consent.

19. Any and all payments of money to be made by the Purchaser to the Vendors or on their behalf may be made by accepted cheque instead of cash, at the Purchaser's option.

20. It is agreed by both parties that the present agreement shall not be registered, and the Vendors undertake and agree at the expense of the Purchaser to execute and do at the request of the Purchaser all such further documents and things as may be necessary or useful to fully and

effectually carry out the intents and purposes of this agreement, or, subject to the terms hereof, to vest in the Purchaser the rights and properties aforesaid, including such notarial transfers as may be reasonably required by the said Purchaser.

21. These presents shall apply to, enure to the benefit of and be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

22. Time shall be of the essence of this agreement.

By Mr. White:

Q. Can you tell me, Mr. Griffiths, whether the first \$100,000 mentioned in this agreement was paid by cheque or otherwise to William H. Robert.—A. It was paid on the 3rd of February, 1927.

Q. Whose cheque.—A. I would have to confirm that. I think it was R. O. Sweezey's cheque although it may have been Newman-Sweezey & Co's., cheque. It is either one or other of those two.

Q. I take it that the syndicate had not yet been formed.—A. No, it had not been formed.

By Mr. Lennox:

Q. Newman-Sweezey, that is the same Sweezey as R. O. Sweezey.—A. Yes, Mr. Lennox.

By Mr. White:

Q. And did the Syndicate subsequently return that \$100,000 to whoever paid it at that time.—A. Yes, they did. As a matter of fact, Newman-Sweezey & Co., acted as bankers for the Syndicate during the period that it was being formed and they were credited with that amount in due course.

Q. And it was, as you say, returned to whoever paid it.—A. That is correct.

Q. Then that agreement—I have it in the form which has been handed to me—is attached to another agreement dated blank day of February, 1927, between William Henry Robert, Joseph Alfred Robert and Sarah Mary Robert, Vendors, and Robert Oliver Sweezey, the Purchaser, and National Trust Co., Ltd., called Trustee.—A. Mr. White, if I may interject, that should bear the same date, the 3rd of February, 1927.

Mr. WHITE: Well, I may put that in then. I take it that this agreement simply carries out,—we had better see what it does:

WITNESSETH: Whereas the Vendors and the Purchaser have this day entered into an agreement of sale a copy of which is hereto annexed signed by all the parties hereto for identification; and

Whereas by paragraph 11 of the said Agreement of Sale it is declared that all the issued shares of the capital stock of Beauharnois Light, Heat and Power Company have been transferred to the Trustee to be held and dealt with by it as Trustee as in the said Agreement of Sale provided; and

Whereas the said shares have been so transferred to the Trustee; and

Whereas in paragraph 12 of the said Agreement of Sale provision is made for the delivery to the Trustee upon the happening of certain events of \$650,000 in face value of certain First Mortgage Bonds to be held and dealt with by it as Trustee as in the said Agreement of Sale provided.

Now, therefore, this Agreement witnesseth:

1. The Trustee hereby acknowledges that Two Thousand shares of Beauharnois Light, Heat and Power Company have been transferred to it by or on behalf of the said Vendors and it undertakes and agrees,

subject however to the terms, provisions and conditions hereof, to hold and deal with the same as Trustee in accordance with the provisions of the said Agreement of Sale.

2. The Trustee further agrees that if and when the said \$650,000 face value of First Mortgage Bonds are delivered to it it will hold and deal with the same as Trustee in accordance with the terms, provisions and conditions of the said agreement of sale.

3. The Trustee may, in relation to these presents or any action to be taken hereunder, act upon the advice and opinion of its own legal advisers, and shall be under no liability or obligation to any of the parties hereto by reason of its so doing, and the Trustee shall not be bound or obliged to take cognizance of or act upon any default or other event or otherwise requiring action on its part unless evidence satisfactory to it or its legal advisers is furnished of the existence of such default or the happening of such other event, the whole without prejudice to the rights of the Vendors against the Purchaser or of the Purchaser against the Vendors under or arising out of the said agreement of sale.

4. The Vendors hereby warrant that the said two thousand shares of Beauharnois Light, Heat and Power Company constitute the whole of the issued Capital Stock of that Company and that the same have been fully paid up and are non-assessable, and they undertake and agree to hold the Trustee harmless against any and all liability as holder of the said stock.

5. The Purchaser undertakes and agrees to pay to the Trustee reasonable compensation for its services in exercising the trusts herein provided for and to reimburse to it upon demand all expenditures or less, costs or damages incurred by it in connection with the exercise of the said trusts, including any and all legal and notarial expenses.

6. The Trustee shall give to the Purchaser or his assigns from time to time upon demand the necessary proxies to enable the Purchaser or his assigns to vote the said shares of Beauharnois Light, Heat and Power Company at any meeting of shareholders of that Company for any and all purposes save those specially excepted in paragraph 11 of the said agreement of sale, and the Trustee shall from time to time upon demand at the instance of the Purchaser or his assigns allow the transfer of such of the said shares as may be necessary for the purpose of qualifying Directors of the said Beauharnois Light, Heat and Power Company upon the execution of appropriate declarations of trust from the said transferees.

7. Any notifications or other communications to be given or made to the Vendors by the Trustee shall be deemed to be effectively given or made if given or made to them by registered letter addressed to them in care of W. H. Robert, 214 Bishop Street, Montreal, or at such other place in lieu thereof as the Vendors or their assigns from time to time may notify in writing to the Trustee, and any notifications or other communications to be given or made to the Purchaser by the Trustee shall be deemed to be effectively given or made if given or made to him by registered letter addressed to him at number 136 St. James Street, Montreal, or at such other place in lieu thereof as the Purchaser or his assigns from time to time may notify in writing to the Trustee.

8. All payments whether of money or otherwise which the Trustee may require to make to the Vendors under the terms hereof shall be made to them or to their order at the office of the Trustee in the City of Montreal.

9. The said shares of the Beauharnois Light, Heat and Power Company (other than said qualifying shares) are registered on the books of said Company as follows, "National Trust Company Limited as Trustee for W. H. Robert, J. A. Robert, and Miss Sarah Mary Robert, personally and as qualite, and R. O. Sweezey, the parties to an Agreement dated the Third of February, 1927" and upon the assignment or other transmission of the rights of any of the said Parties, the Trustees shall on the request in writing of the representative of such party and such evidence of title as the Trustee may require, cause appropriate changes to be made in such registration.

In other words, in short this is simply an agreement hand over these shares and all the other things provided for in the agreement, with instructions that they are to be dealt with in accordance with the terms of the agreement of sale of February 3, 1927.

The CHAIRMAN: That all goes in as part of Exhibit No. 60, Mr. White.

Mr. WHITE: Yes. Then Mr. Griffiths has handed me a copy of the agreement amending the agreement of the 3rd of February, 1927. This is dated the 18th of July, 1929, and this is after the passing of the order in council 422, and after the lease from the province of Quebec.

The CHAIRMAN: That will also be part of Exhibit No. 60.

Mr. WHITE: Yes:

Whereas by an agreement entered into at the city of Montreal, and dated the Third day of February, one thousand nine hundred and twenty-seven, the executors of the Estate of the late Dame Sarah Roberts, as such, as well as personally, sold to Robert O. Sweezey, of the city of Westmount, certain properties and rights.

Whereas part of the consideration payable by the said R. O. Sweezey consisted of—

- (a) \$500,000 face value of the first issue of bonds to be made for the purpose of financing the cost of developing the water power, or any part thereof existing by reason of the difference in level between Lake St. Francis and Lake St. Louis, with a stipulation that if any bonus of common stock be given the underwriters of such bonds, there shall be delivered to the Vendors a bonus of common stock on the same basis as the best bonus given to any underwriters of said bonds.
- (b) \$500,000 of First Preferred Stock of the Company issuing the bonds hereinabove mentioned; and it was further stipulated that if any bonus of common stock be given to any underwriters of such preferred stock, there should be delivered to the Vendors a bonus of common stock on the same basis as the best bonus given to any underwriters.
- (c) 100 shares of a syndicate of 4,000 shares at the outset, but subject to increase up to 5,000 shares if necessary, to be formed to do the preliminary work in respect of and the preliminary financing for the said development.

Whereas there is stipulated in the said agreement as further consideration payable to the Vendors:—\$100,000 in cash at the signing of the said agreement; \$250,000 in cash concurrently with the first issue of bonds; \$150,000 in cash on the date when any part of the power plant to be erected shall be first put into operation for the delivery of electric power to any customer.

Whereas the said \$100,000 in cash payable at the signing of the agreement was so paid.

Whereas the said R. O. Sweezey represents that it will be inconvenient to conform to the mode of payment stipulated in the said agreement in view of the manner in which it is intended to finance the cost of the proposed development.

Whereas the Vendors in the said agreement made certain claims with regard to the Syndicate shares hereinafter referred to.

Consequently the Vendors in the said agreement, together with their brother, Edmund A. Robert, the fourth and remaining heir, have agreed with the said R. O. Sweezey, as follows:—

(1) In lieu of \$500,000 in face value of bonds and of \$500,000 of face value of preferred stock and the balance of cash of \$400,000, the Vendors and the said Edmund A. Robert agree to accept \$1,400,000 in cash payable as to \$150,000 at and upon the signing of this agreement, the receipt thereof is hereby acknowledged; and \$1,250,000 on or before the first of October, 1929.

(2) In respect to the bonus of common stock which was, by the terms of the said agreement to be delivered with the preferred stock and with the bonds, the Vendors and the said Edmund A. Robert agree to accept 16,000 shares of common stock of a Company to be called Beauharnois Power Corporation Limited, or such other name as may be granted, which Company either itself or through Companies whose shares it will then own, will own and control the whole development referred to in the said agreement of the Third of February, 1927, in fulfilment of the obligations of the said R. O. Sweezey to deliver to them common stock with the preferred stock and with the bonds, and such 16,000 shares shall be delivered to them, at the same time as the first issue of common shares other than those issued to its incorporators, or provisional, or other directors.

(3) In settlement of the claim of the Vendors and the said Edmund A. Robert to 500 shares out of 25,000 Beauharnois Power Syndicate shares, in lieu of 200 shares already received by the Vendors, it is agreed that the said R. O. Sweezey shall pay back to the Vendors, on or before the First of October, 1929, the sum of \$10,000 which they personally paid for 200 shares of said Syndicate shares and the said 200 Syndicate shares shall be deemed to have been given to the Vendors in part fulfilment of the stipulation of Paragraph 8 (f) of the aforesaid agreement, thus making 400 Syndicate shares delivered in respect to the stipulations of the said paragraph; and as to the remaining 100 shares claimed, in order to make the total 500, the said R. O. Sweezey agrees in lieu of delivering the final 100 Syndicate shares, to pay the Vendors and the said Edmund A. Robert, at the time that distribution is made by the Syndicate of its Assets amongst its members, the sum of \$20,000 and 5,000 shares of the same common stock as is referred to in paragraph 2 hereof, provided, however, that should the said Syndicate distribute to its members more than \$20,000 and 5,000 common shares per each 100 Syndicate shares, the excess in cash or shares, or both, as the case may be, shall be paid to the Vendors and the said Edmund A. Robert by the said R. O. Sweezey.

By Mr. White:

Q. Do you know how that was, Mr. Griffiths?—A. Well, there was a difference of opinion as between Sweezey and myself and the Roberts as to the interpretation of the number of Syndicate part-interests that they should get through the 100 Syndicate part-interests which they got in the first Syndicate, and which they got by virtue of paragraph 8 (F).

Q. What was that paragraph? Will you just recall that please?—A. 8 (F) of the agreement of the 3rd of February—

Q. What does it provide for?—A. It sets out, as part of the consideration:

(F) One hundred (100) shares of a syndicate of Four thousand (4,000) shares at the outset but subject to increase up to (5,000) shares.

Q. And they got that 100 shares?—A. They got that, but the syndicate sold to another syndicate which became the Beauharnois Power Syndicate, commonly called the Second Syndicate, and there was some difference of opinion as to whether he and his co-heirs should receive their interest in the second Syndicate free of charge or whether they should pay the same assessment as all the members of the first Syndicate, and this is what was finally agreed to between Swezey and the Robert and the Syndicate Managers, interested parties, by which the Syndicate agreed that they would pay them that number of shares and that amount of cash.

Q. You have told us the purpose of it, what was the result?—A. The practical result was that the Robert family received their \$1,500,000 in cash; prior to the time when the Syndicate transferred those assets to the Power Corporation, these other payments which are set out here, which were not payable at that time, are the payments which are recited in the statement in lieu of prospectus as being amounts still due to persons from whom assets were being required.

Q. That is, \$20,000 as I remember it, in that statement in lieu of prospectus?—A. There is a detail of the dates on which payments were made, in the agreement.

Q. Tell us so that we will have it in one place in the notes, what ultimately did the Roberts get?—A. They got \$1,500,000 in cash, and they got 100 part-interests in the first Syndicate which became 400 part-interests in the Second Syndicate.

Q. I thought it was 2 for 1; it was 4 for 1?—A. It was 2 for 1 and the right to subscribe for an additional similar amount, and by this clause which we are just dealing with they were repaid the amounts that they had paid into the Syndicate. So that, in fact, they got their interest in the Syndicate free of all payment.

Q. They got 400 units?—A. They got 400 units free.

Q. Did they hold those at the time of the dissolution of the Syndicate?—A. They did, and they ultimately received the cash and shares of common stock.

Q. And they got one hundred and forty?—A. One hundred and fifty.

Q. Per unit?—A. Per unit.

Q. How many shares of Class A?—A. Forty per unit, that is 16,000 shares and \$60,000, in addition to the amounts of cash set out in this agreement.

Q. That is a million and a half?—A. That is a million and a half plus twenty.

Q. Well then, on top of that did they get a further five thousand of class A common?—A. They got a further 21,000 shares.

Q. 21,000?—A. That is right, sir.

By Mr Mackenzie:

Q. Did the 21,000 include the 16,000?—A. That is in addition, Mr. Mackenzie.

By the Chairman:

Q. How did they arrive at the 21,000 Class A shares, common?—A. It was simply a matter of bargaining, Mr. Chairman; and I may say, there was difference of opinion as to how much should be given, and we arrived at what all parties thought was a fair and equitable arrangement.

By Mr Mackenzie:

Q. A collected bargain?—A. Yes.

By the Chairman:

Q. Then, while we are waiting, give me what the Roberts got again. They got first \$500,000 in cash?—A. Yes.

Q. Then, they got \$1,400,000 in cash?—A. Yes.

Q. Then they got 16,000 shares of common stock in the Beauharnois Power Company, Ltd.?

Mr. WHITE: Class A.

By the Chairman:

Q. Through their interest in the syndicate?—A. Yes.

Q. Yes. Did the 16,000 take the place of their 400 shares in the second Syndicate?—A. That is right, sir.

Mr. WHITE: No.

The WITNESS: Well, there is a further 16,000 they got for another reason. We were talking about the first sixteen.

By Mr. White:

Q. In addition to the sixteen thousand, they were paid one hundred and fifty dollars per unit in cash.—A. Sixty thousand in cash.

By the Chairman:

Q. In exchange for their 400 second syndicate units they got sixteen thousand.

Mr. MACKENZIE: \$60,000?

The CHAIRMAN: Sixteen thousand shares of—

The WITNESS: Class A common stock.

Q. In the Beauharnois Power Company, Ltd., plus some money; how much? —A. Sixty thousand dollars.

Mr. WHITE: One hundred and fifty per unit.

By the Chairman:

Q. Plus sixty thousand dollars. Now, then, you say they got some more shares, twenty-one thousand.—A. They got 21,000 shares and the sum of \$20,000 in cash.

Q. Twenty-one thousand shares and a further \$20,000 in cash?—A. Yes.

Q. Now then, I do not know whether it is important or not, did they make some concessions to Mr. Sweezey?—A. Mr. Sweezey went to them and asked them to change the agreement which is drawn on 3rd February, 1927, which set out certain considerations of stocks and bonds, as well as cash, which called for the issuance of bonus stock with it, and it became an impossible matter to deliver that consideration, so we had to say to them, instead of taking stocks and bonds, will you take cash; and we had a great deal of difficulty in getting them to take the cash. I do not know what the reasons were, but they said:

We will take the cash, if you will add a little bit to it, and give us some of the shares of this company.

Q. How did you fix the \$20,000?—A. That was the amount.

Q. Did you really deal with cash, \$1,400,000, and \$100,000 in cash, and then another \$20,000 in cash— —A. That was the amount of money, as I recollect, Mr. Gordon, that they had already paid to the syndicate, on account of the shares in the syndicate that they had subscribed for.

Q. That 200 shares?—A. Yes.

Q. That they had in the second syndicate?—A. They then took legal advice, and were advised that they should have received those shares free.

Q. That is, the legal advice they likely got was their shares in the syndicate, number one, which were free— —A. Were part of the consideration, yes.

Q. Carried with it the right to share in the new syndicate without further expense to them.—A. That is right.

Q. You say the 21,000 shares was arrived at in a similar manner, the question of bargaining?—A. Yes.

By Mr. White:

Q. A running jump?—A. At that time, the time this was first discussed, I think the agreement was executed, the final plan of the sale of the syndicate assets to the corporation had not been worked out, and it was just an attempt to try and approximate the number of shares they would have obtained if they had adhered to the original plan.

Q. Well then, we are dealing with what the Roberts got. That is all the evidence you have?—A. I must correct that, because Mr. W. H. Robert transferred, bought and paid for the interest in this first syndicate in addition to the interest which they received under the agreement.

Q. In addition to the 100 shares?—A. Yes. I think it was a further 100 that he bought and paid for. Of course, no special treatment in respect to that.

Q. He was dealt with in the same way as others?—A. As other syndicate members.

Q. At least, all in the same class. I presume there were different classes of unit classes?—A. No, all the same class, sir.

Q. In the first syndicate?—A. Yes.

Q. And in the second syndicate?—A. All the same class. I think I said yesterday that they did not all pay the same amounts.

Q. That would be the important thing?—A. Yes.

By Mr. White:

Q. In the division?—A. They all—

Q. All shared equally?—A. All shared equally. I would like to consult the records before I affirm that.

The CHAIRMAN: Very well. Go on, Mr. White.

By Mr. White:

Q. Will you tell me who Mr. J. R. LeFebvre is?—A. J. R. LeFebvre? Have you got the address, Mr. White?

Q. No, I have not. He is a syndicate member?—A. He was a member of the second syndicate, if that is the LeFebvre which you have reference to.

Q. Yes. Who is he?—A. He has an office in the Royal Bank Building, in Senator Raymond's office.

The CHAIRMAN: What is his name?

Mr. WHITE: J. R. LeFebvre.

Q. What is his occupation?—A. I will have to get my—

Mr. LENNOX: Of whom are you speaking?

Mr. WHITE: J. R. LeFebvre.

A. I am afraid I do not know what his occupation is.

Q. You say he had an office in Senator Raymond's office?—A. That is correct, sir.

Q. In his office?—A. That is correct sir.

Q. Do you know whether he was an employee of Senator Raymond?—A. I really don't know; I imagine he was, in some capacity or other.

Q. Who is Oscar Dufresne?—A. A business man in Montreal, also a contractor and a very active and prominent business man.

By the Chairman:

Q. Is he a contractor?

Mr. MONTGOMERY: A contractor, boot and shoe manufacturer, he has lots of interests.

The CHAIRMAN: A contractor?

Mr. MONTGOMERY: I am not sure whether it is the same Dufresne or not.

Mr. WHITE: Going on with this amended agreement,—

The Vendors and the said Edmund A. Robert agree that, upon payment of the aforesaid sum of \$1,250,000 in accordance with the provisions of paragraph 7 hereof, and with the consent of any party or parties to whom any rights of the purchaser under the said agreement have been transferred, the National Trust Company Limited shall deliver to the said R. O. Sweezey all the shares of the Beauharnois Light, Heat and Power Company which were transferred to the said National Trust Company Limited as Trustee under the provisions of the aforesaid agreement of the third of February, 1927,

—and then certain provisions for the mechanics of the carrying out of that transfer.

Then, paragraph 6,

R. O. Sweezey agrees that if he or his assigns avail themselves of the right to make payment of the sum of one million two hundred and fifty thousand dollars (\$1,250,000) in each as hereinabove provided, he will sell to the Vendors and the said E. A. Robert \$1,000,000 in face value of the first issue which may be made of debentures or bonds for the purpose of financing the Water Power development referred to in the said agreement, the price of sale to be \$92 and accrued interest per \$100 of face value principal amount. This right may be exercised by the Vendors and E. A. Robert proportionately, that is, each for one quarter, or less, within ten days from written notice given to William Henry Robert, 1452 Bishop Street, Montreal, on behalf of the Vendors and to E. A. Robert for himself that the said debentures or bonds are ready for delivery.

That is a part of exhibit 60.

Now Mr. Chairman, there are certain of the minutes of the first syndicate which I have culled and desire to bring to the attention of the committee. I shall endeavour to be as untedious—I do not know whether that is an English expression or not—as possible.

The CHAIRMAN: It is coming close to it.

Mr. WHITE: The first meeting of which we have a minute is dated March 2, 1928.

The CHAIRMAN: Will these extracts go in as separate exhibits? The minutes themselves are already in.

Mr. WHITE: Mr. Griffith has been accorded the privilege of substituting copies for the originals. There were present, R. O. Sweezey, R. W. Steele representing, Mr. Griffith, who?—A. The Dominion Securities Corporation.

Q. W. H. Robert, H. Newman, representing Newman, Sweezey and Company?—A. He is a member of that company.

Q. And H. B. Griffith, that is yourself?—A. Yes.

Q. The capital of the syndicate is by resolution increased to 5,000 part interests, and applications were received from H. Newman, 50 part interests, F. S. Molson, 50, R. W. Steele, 250, H. B. Griffith, 100, H. B. Griffith, 50, I. L. Ibbotson, 25, F. S. Molson, 300, S. T. Blaiklock, 25, again R. O. Sweezey, 200, R. O. Sweezey, 100, and W. Sutherland, 25, and a resolution is passed allotting the part interests in accordance with those applications.

The WITNESS: I think for the sake of clarity I should explain that the list of members that you have read of persons who became members of the syndicate on that day, had forwarded applications and paid their money in some cases at a much earlier date than that, but as no minutes had taken place, we took that opportunity of holding the minutes that day; we were formally accepting the applications and making the allotment of part interests so that I simply interject this so that the committee will not be under a misapprehension that these people became members of the syndicate in fact on that day for the first time.

By the Chairman:

Q. Are we to take it that Mr. Sweezey has, in these minutes, apparently subscribed to the same shares that Jones said Sweezey had in the first syndicate, 400?—A. They are undoubtedly the ones that Jones refers to.

Mr. WHITE: 300.

The CHAIRMAN: Yes, 300. But Jones and Sweezey were supposed to have the same number of shares at the beginning?—A. My recollection is that they—, Sweezey had under the terms of the syndicate agreement, which was read yesterday, transferred to him 600 part interest free of charge.

Q. Who did?—A. Sweezey, and he was the only one who did get a part exchange free of charge, but a hundred of those he transferred to the Robert family in accordance with the terms of the agreement of the 3rd of February, 1927, so that he was left with 500 part interest, free of charge, and he purchased at this meeting a further 300, so his position was that he became the owner of 800 part interest, for which he had, in effect, paid \$30,000.

Q. When you say, "in effect," I do not know whether it is important or not, but did he in fact pay \$30,000?—A. In fact, he did, but that is subject to confirmation, too. Therefore, when Jones says he bought 800 shares for \$30,000 he was putting himself in a position of parity with Sweezey.

Mr. LENNOX: Mr. Griffith, Mr. White has read the names of a number of people who had share units.—A. Yes, sir.

Q. Where did the money go that was received for the sale of those share units in the first syndicate?—A. It went into the treasury of the first syndicate, and was handled as all company accounts are.

Q. No doubt about that. It went into the first syndicate.—A. Not the slightest doubt. We realized \$261,000.

Q. What did the first syndicate do with this money? They had in this treasury, not only the \$190,000 that was paid in by Mr. Jones, but also the proceeds from the sales.—A. Yes.

Q. —of those units.—A. Yes. Mr. Jones only paid \$30,000 into the first syndicate, the balance was paid out of the second syndicate. The total amount of cash realized by the syndicate from Mr. Jones and Mr. Sweezey was \$261,000. We never had that much at any one time.

By the Chairman:

Q. What about the 5,000 shares that were sold?—A. The 5,000 part interests that were sold?

By Mr. White:

Q. Now, I notice that you have two applications here, one for 100 and one for 50. Did you subscribe for those in your own right, or as trustee for somebody?—A. Is that me personally?

Q. Yes.—A. Subscribing?

Q. Yes.—A. I know that I did subscribe for some for myself, and some as trustee for somebody.

Q. There are two lots?—A. I had 50 myself and had a 100 as trustee, but I would have to look that up to confirm it.

Q. Where would you look it up?—A. I could search diligently through the books, and probably be able to discover which was personal, and which was as trustee.

Q. For whom were you trustee?—A. I was trustee for an old friend of mine, Philip Fisher of Montreal.

Q. What is his occupation?—A. I don't know what he is, I think he is—

Q. An old friend, and you do not know his occupation?—A. I know his occupation, but I would have some difficulty in explaining it. I think he is the manager or the secretary or occupies some position in connection with the printing business, the Southam Printing people.

Q. Then, at this same meeting, the secretary reported that in accordance with the provisions of the syndicate agreement, 600 fully paid part interests should be allotted to R. O. Sweezey, and that was resolved accordingly. And provision is made for calls on these subscriptions, and a transfer of 100 part interests from Sweezey to the Roberts, and Messrs. P. S. Ross and Sons are appointed auditors and Messrs. Meredith, Holden, Heward and Holden are appointed solicitors of the syndicate. Then, Mr. R. O. Sweezey reported to the board the proposal for the formation of a new syndicate to take over the assets and liabilities of the present syndicate. Apparently there was no meeting of the syndicate held until it was proposed to form a new syndicate, because that is the meeting of which there are minutes at which the proposal to form the new syndicate was brought to the attention of the meeting. After considerable discussion and consideration of this proposal, it was resolved that the secretary instruct the syndicate's solicitors to prepare a draft agreement of sale along the lines discussed, such draft to be submitted to the board of syndicate managers for their consideration at the next meeting.

It was moved, seconded and unanimously resolved that the secretary be instructed, from time to time, to give to the Marquette Investment Corporation such necessary authorities in writing as might be required by the Marquette Investment Corporation to carry out the various matters dealt with by resolution of the board of syndicate managers. By the way, are the minute books of the Marquette Investment Corporation available?—A. I do not think I have them here now.

Q. Can you send for them?—A. Subsidiary or anything—I will try and get them for you, if you think they are necessary.

Q. I should like to have them, if you please.—A. Yes.

Q. The next meeting is on the 26th March, 1928. Applications were received there as follows for the respective part interests enumerated; Aime Geoffrion, 200; T. F. Kenny, 15; W. H. Robert, 100; John Stadler, 100; W. N. Dovell, 50; credit general du Canada, 800;—was that a subscription of that company of their own funds, or do you know?—A. Well, I do not know, Mr White.

Q. Or as trustees for somebody?—A. I do not know; they paid the money and signed the application.

Q. T. A. McGinnis, 100; Dr. Adam Shortt, 10.

The CHAIRMAN: Is this the new syndicate?

Mr. WHITE: No, still the old syndicate. The second lot of applications, and the allotment was authorized in accordance with these applications. Mr W. H. Robert tendered his resignation as syndicate manager, and it is accepted. Then, there is a meeting on the 4th April, 1928, at which there were present Sweezey, Steele, Newman and Griffith. The chairman reported that L. Clare Moyer had subscribed for 800 part interests in the syndicate for a sum and price of \$30,000, payable one half, namely \$15,000—

The CHAIRMAN: What is the date of those minutes?

Mr. WHITE: The 4th April, 1928. Payable one half, namely \$15,000 on allotment, and the balance on 30 days' notice of call, and on motion duly seconded it was unanimously resolved that the said subscription be, and it is hereby accepted, and that 800 part interests of this syndicate be, and they are hereby allotted to the said subscriber.

The CHAIRMAN: For how much?

Mr. WHITE: \$30,000.

The CHAIRMAN: I just want to interject. Mr. Griffith, I have identified two lots of unit shares that were paid for in cash; that is, 800 shares from Jones for \$30,000—

Mr. WHITE: We have not got to this yet, Mr. Gordon, but I am coming to it.

The CHAIRMAN: We have got that in evidence for what it is worth. Then, we have the same number of shares and the same amount of money from Mr. Moyer. We have been going over the applications for shares in this syndicate, and there is nothing said about what rate they are being sold at. Was there a price per unit share fixed?—A. No, there was not sir.

Q. How did you arrive at it? If you take \$261,000 and work it out that way, it does not work out.—A. That is very largely true. We were actuated by different motives. I might say, when we started this enterprise we had no idea it would take as long a period of time, or take as much money—

Mr. WHITE: That is the experience of every man who has built a house.—A. We thought that we could probably do that with about \$150,000, of which \$100,000 would be required to make the first Robert payment, and \$50,000 would do our preliminary engineering and legal expenditures, and so forth. As we got into it; we found that was not so. We went to Quebec and we had a rebuff.

Q. Had what?—A. We had a rebuff in 1927. We went to the legislature of the Province of Quebec with an application to amend the charter of the Beauharnois Light, Heat and Power Company. We were not prepared—

The CHAIRMAN: I do not want you to go into the details of it just now, but if you would just tell me— —A. The reasons for the different prices?

Q. Yes.—A. Well, I cannot tell you all the reasons. It was a long time ago, and Mr. Sweezey was perhaps the controlling factor in adjusting the prices. During the latter part of 1927, before the legislature adopted the amendment to our charter, in the province of Quebec, I think it was in May—it was either late in February or early in March, 1928—

Mr. WHITE: March 2, I think.—A. It was early in March, I think, in 1928, we would have had a great deal of difficulty in raising money on the street in Montreal, had no chance to get it at all, and these are the factors which had something to do with the price at which shares were sold. I think the controlling factor which contributed to the price of the shares was the fact that Sweezey had received in effect 800 part interests on the payment of \$30,000, and any other parties assigning anything like a proportionate amount of money expected to get relatively the same terms.

By the Chairman:

Q. Did anybody get it at any less?—A. Nobody got them for any less.

Q. You are sure about that?—A. Absolutely sure about that.

By Mr. White:

Q. Jones got in to the ground floor?—A. Quite.

Q. Was this \$30,000 subscription by Mr. Clare Moyer the Jones subscription?—A. No, no, I think the Jones subscription appears under the heading of Newman, Sweezey and Company. I would like to give the reason why it was Newman Sweezey and not Frank Jones who subscribed.

Q. We will go on with that. This was not the Jones subscription?—A. No.

Q. Do you know whether Mr. Moyer was subscribing on his own behalf, or on behalf of clients or others?—A. I am afraid I cannot affirm whether he was subscribing on behalf of clients, but my opinion is he was subscribing on behalf of clients, but I have no evidence of it.

Q. Do you know who does know?—A. No, I do not know.

Q. Mr. Moyer, from the minutes which I have before me, was present at a good many meetings of the syndicate, is that not so?—A. Mr. Moyer became the syndicate manager.

Q. And did he not disclose to you, as another syndicate manager, for whom he was acting?—A. No, he offered me no evidence and I asked for none.

Hon. Mr. MACKENZIE: You could find out, I suppose, from Mr. Moyer himself.

Mr. WHITE: Oh, yes.

Hon. Mr. MACKENZIE: Direct evidence is better.

By Mr. White:

Q. Then the next meeting is on the 4th April, 1928?—A. The same day.

Q. And at that meeting the memorandum of agreement between the Beauharnois Syndicate and the Beauharnois Power Syndicate was submitted and appears in the minutes and is worth, perhaps, some consideration. It is dated the 4th day of April, 1928, and is between the Beauharnois Syndicate, represented by Mr. Steele and Mr. Griffith; and the Beauharnois Power Syndicate, represented by Mr. Molson, its President, and L. Clare Moyer the Secretary-Treasurer.

It says:

Whereas the Vendor has been organized as an unincorporated syndicate"—

Mr. LENNOX: That is the first syndicate?

Mr. WHITE: Yes. One is called the Beauharnois Syndicate, and the other is called the Beauharnois Power Syndicate.

Mr. LENNOX: That is the second syndicate.

Mr. WHITE: The Beauharnois Power Syndicate is the second syndicate. This goes on:—

Whereas the Vendor has been organized as an unincorporated syndicate under and in virtue of a Memorandum of Agreement made in duplicate as of the twelfth day of May, 1927, by and between Robert Oliver Sweezey as party thereto of the first part and Marquette Investment Corporation as party thereto of the second part; and

Whereas the Purchaser has been organized as an unincorporated syndicate under and in virtue of a Memorandum of Agreement made in duplicate as of the fourth day of April, 1928, by and between F. Stuart Molson, Ivan L. Ibbotson, Hilda Knight, L. Clare Moyer and Robert

Heldenby as parties thereto of the first part and said Marquette Investment Corporation as party thereto of the second part;

Now, therefore, this Indenture Witnesseth:

That the Vendor and the Purchaser in consideration of the mutual covenants herein contained have agreed together as follows:—

1. The Vendor hereby sells, assigns and transfers to the Purchaser all the Vendor's undertaking, assets and rights of whatsoever nature and wheresoever situate, including but without in any way limiting the generality of the foregoing, the rights and interests referred to in the said Memorandum of Agreement made as of the twelfth day of May, 1927, as "the rights and interests transferred;"

To Have and To Hold the said undertaking, assets and rights hereby sold, assigned and transferred as the absolute property of the Purchaser in full ownership with the right to take possession thereof forthwith.

2. The said sale, assignment and transfer hereby made have been made for and in consideration of ten thousand (10,000) fully paid Part-Interests of the Purchaser which prior to the time of the execution hereof have been allotted to the Vendor and/or its nominees by the Purchaser.

By Mr. White:

Q. I take it, Mr. Griffith, that that means that a new syndicate was formed and that two shares or two part-interests were issued for each one part-interest in the old syndicate?—A. That is right.

Q. That is five thousand in the old syndicate would mean that ten thousand part-interests in the new syndicate were divided among the old syndicate owners?—A. That is correct.

Q. Then this memorandum goes on:—

3. The Purchaser hereby assumes and promises to pay, fulfil and carry out to the complete exoneration of the Vendor all the liabilities and obligations of the Vendor of whatsoever nature in existence at the date hereof.

And then there are certain other formal provisions; and then it says:—

And To These Presents Intervened, Marquette Investment Corporation, a company duly incorporated by Letters Patent of the Province of Quebec, herein acting by R. O. Swezey, its President, and F. S. Molson, its Secretary, hereto duly authorized in virtue of a resolution of its Board of Directors a certified copy whereof is hereto annexed and signed for identification by the parties, the said Intervenant being the party of the second part in each of the said two agreements, namely, the Memorandum of Agreement dated as of the twelfth day of May, 1927, and the Memorandum of Agreement dated the fourth day of April, 1928, and being referred to in each of the agreements as the "Depositary."

Which said Intervenant hereby acknowledges that it has taken communication of the foregoing agreement between the Vendor and the Purchaser and that the undertaking, assets and rights hereby sold, assigned and transferred are in its custody and it hereby covenants and undertakes that the same will be held and dealt with by it henceforth in trust for and on behalf of the Purchaser and upon and subject to all the trusts, provisions and conditions in the said Memorandum of Agreement of the fourth day of April, 1928, between the Purchaser and it the said Intervenant.

Q. Now will you tell us in a few words what part the Marquette Investment Corporation played in these syndicate transactions?—A. It would be customary in organizing a syndicate or a group of men conducting a partnership operation

to lodge in one of their number or with a trust company or in some other fixed place the custody of the assets of the partnership or of the syndicate. In this particular case we might have vested the title to our assets in an individual or in one of the incorporated trust companies or in some other going organization, but we preferred, because of the particular nature of our business, to incorporate and create for the sole purpose of acting as the depositary agent or trustee of the syndicate the Marquette Investment Corporation which was incorporated under the Companies Act of the Province of Quebec.

Q. By whom?—A. What do you mean?

Q. By and on behalf of the members of the syndicate?—A. No, by and on behalf of Mr. Sweezey, myself and my partners. We did not as a corporation engage in any business whatever except to hold the title in trust of the assets of the syndicate.

Q. And that company on the division of the assets, as I remember it, received \$25,000?—A. Received a fee of \$25,000 for its services for the two syndicates.

By the Chairman:

Q. Has that company been dissolved now?—A. No, not yet, Mr. Chairman; although conditions are changing rapidly it still has title to some of the real estate in the County of Beauharnois. It has no other function with the company excepting to hold title to real property; and in time, as our work progresses, it will transfer the title to the Beauharnois companies.

By Mr. White:

Q. Are the minutes of the Marquette Investment Corporation available?—A. That is the one you spoke of, Mr. White. I have not brought them with me; they were not included.

Q. They are here?—A. No, they are not in Ottawa. I will have to get them sent up to-night.

Q. Oh, yes, I spoke to you about that before?—A. Yes.

Mr. WHITE: There are so many of these things that I may get mixed up.

The WITNESS: I have a copy of the agreement which you read, if you want to file it as an exhibit.

By Mr. White:

Q. It was executed in the form I read?—A. Yes.

Q. It is signed on behalf of the Beauharnois Syndicate by R. W. Steele and Mr. Hugh B. Griffith; and on behalf of the Beauharnois Power Syndicate by Mr. F. S. Molson and Mr. L. C. Moyer; and on behalf of the Marquette Investment Corporation by Mr. R. O. Sweezey and Mr. F. S. Molson?—A. Yes.

Q. Then Mr. Molson was appointed the proxy of his syndicate to attend and vote at a general meeting of the members of the Beauharnois Power Syndicate to be held on the same day. Then there was a further meeting on the tenth April, 1928, at which Mr. H. Newman, Mr. R. W. Steele and Mr. H. B. Griffith were present, and a waiver of notice was signed; and on that day I find this minute:

On motion duly seconded it was unanimously resolved that whereas Newman, Sweezey & Company, Limited, in trust, of Montreal, subscribed for eight hundred (800) Part Interests in this Syndicate, at the price of Thirty Thousand Dollars (\$30,000) and on the 13th of April, 1927, paid Fifteen Thousand Dollars (\$15,000) on account of the said subscription price, which payment on account was accepted by the Syndicate, that eight hundred (800) Part Interests of this Syndicate be and they are hereby allotted to the said Newman, Sweezey & Company, Limited, in

trust, and that the Secretary of the Syndicate be and he is hereby authorized to issue certificates for the same, upon receipt of the payment of the balance of purchase price.

Those are the Jones Part-Interests?—A. I believe they are. I believe Mr. Jones was in Europe at the time and could not sign for them himself, so we did it in that way.

Q. And the minutes go on as follows:

On motion duly seconded it was unanimously resolved that whereas Newman, Sweezey & Company, Limited, in trust, of Montreal, subscribed for two hundred (200) Part-Interests of this Syndicate, at the price of Ten Thousand Dollars (\$10,000) on December 15, 1927,—

That is a quite different price, is it not?

Hon. Mr. MACKENZIE: That just confirms what he said a few minutes ago that the more you got the cheaper.

By Mr. White:

Q. Proceeding, it goes on:

and paid the full subscription price which was accepted by the Syndicate, that two hundred (200) part interests of this Syndicate be and they are hereby allotted to the said Newman Sweezey & Company Limited, in trust, and the Secretary of the Syndicate be and he is hereby authorized to issue certificates for same.

Do you know for whom they were in trust?—A. I would have to look that up; but trusting to my recollection, I think that was for Mr. Jones also.

Q. You will look that up and let us know, will you?—A. Yes, I will.

Q. Then it proceeds:

On motion duly seconded it was unanimously resolved as follows:—
Whereas Newman, Sweezey & Company Limited, in trust, subscribed for fifty (50) Part-Interests of this Syndicate, at the price of Five Thousand Dollars (\$5,000) and on March 23rd, 1927, paid the said subscription price in full, which payment was accepted by the Syndicate, that fifty (50) Part-Interests of this Syndicate be and they are hereby allotted to the said Newman Sweezey & Company Limited, in trust, and the Secretary of the Syndicate be and he is hereby authorized to issue certificates for the same.

Do you know for whom those were bought?—A. Subject to confirmation, I think it was Fred M. Connell of Toronto.

Q. That is the mining man?—A. That is right.

By the Chairman:

Q. Up to date that is the highest price that had been paid?—A. That is right, sir.

By Mr. White:

Q. \$5,000 for fifty shares, that is \$100 a share.

On motion duly seconded it was unanimously resolved as follows:—
Whereas Newman Sweezey & Company Limited have applied for permission to transfer to Frank P. Jones eight hundred (800) Part-Interests in this Syndicate, held by them in trust, upon which Fifteen Thousand Dollars (\$15,000) has been paid on account, and the balance of Fifteen Thousand Dollars (15,000) remains to be paid, that permission be and it is hereby given to the said Newman Sweezey & Company Limited, in trust, to transfer the said eight hundred (800) Part-Interests to the said Frank P. Jones, of Montreal.

On motion duly seconded it was unanimously resolved as follows:—

Whereas Newman Sweezey & Company Limited, in trust, have applied for permission to transfer to Frank P. Jones two hundred (200) Part-Interests in this Syndicate held by them in trust, the subscription price of which has been fully paid, that permission be and it is hereby given to said Newman Sweezey & Company Limited to transfer the said two hundred (200) Part-Interests to the said Frank P. Jones.

On motion duly seconded it was unanimously resolved as follows:—

Whereas Newman Sweezey & Company Limited, in trust, have applied for permission to transfer to Fred M. Connell fifty (50) Part-Interests in this Syndicate, held by them in trust, the subscription price of which has been fully paid, that permission be and it is hereby given to said Newman, Sweezey & Company, Limited, to transfer the said fifty (50) Part-Interests to the said Fred M. Connell.

Those are the shares?—A. Yes.

Q. And the others were fifteen Part-Interests authorized to be transferred to R. M. Kenny, of Buckingham, P.Q., from Mr. F. S. Molson; and permission is also given to Mr. H. Newman to transfer to J. C. Newman, of Montreal, twenty-five Part-Interests. And those are all the minutes as far as they have been presented to me, of the first syndicate.

Mr. LENNOX: Now, Mr. White, the first syndicate was inaugurated or came into being on the 12th May, 1927?

Mr. WHITE: So we were informed yesterday.

Mr. LENNOX: Now I am particularly interested in knowing what was the reason for forming a second syndicate.

Mr. WHITE: I think perhaps as we get into the minutes of the second syndicate the reason may be indicated, or perhaps Mr. Griffith could tell us now.

The WITNESS: Yes, Mr. Lennox, it was largely the necessity of getting more money.

By Mr. Lennox:

Q. Let me ask you this before you begin to explain. Did you have any greater power as regards raising money under your second syndicate than you had under your first syndicate?—A. No. There were some slight differences in the syndicate agreement, but they were of a technical nature.

By the Chairman:

Q. The managers were given wide powers as to selling?—A. I think there was a restriction; I think they were not allowed to sell them for less than \$100 each or the equivalent of \$100 in the opinion of the managers.

By Mr. Montgomery:

Q. That is in the second syndicate?—A. That is in the second syndicate.

By Mr. Lennox:

Q. You were going on to explain your reason for forming the second syndicate?—A. Our principal reason was that we had exhausted the funds under the first syndicate and we had also arrived at the point when we had got our charter amended and thought probably our work would proceed.

We were under process of negotiating a lease with the Province of Quebec, and we knew a term of that lease would be that the Beauharnois Light, Heat and Power would have to deposit \$500,000 with the Government of the Province of Quebec either in cash or bonds; and also we knew we would be justified in spending a good deal more money in the county of Beauharnois in engineering

and surveying work. So that we laid down a plan for securing a million dollars. The machinery of our first syndicate would not permit that.

By the Chairman:

Q. They had sold all their shares?—A. There may have been certain reasons which may not appear important now, but they did appear important at the time. We could only have secured more money, without having disturbed the capital structure, by assessing all the members of the syndicate, which we would have had to do pro rata.

Q. Would not the members of the syndicate have agreed to increasing the number of interests?—A. Yes, but that practically would have been a new syndicate.

Q. The chief difference which appears to me is that the new syndicate members got two shares for one.

Mr. JACOBS: Is there anything new in that?

Mr. WHITE: I am not up in finance.

Mr. JACOBS: Come down to Montreal and we will give you a short course.

Mr. WHITE: Mr. Griffith a few minutes ago referred to the street, and I was wondering whether he referred to the street that is called straight.

The WITNESS: They are all straight.

By the Chairman:

Q. The situation is this, the old syndicate with its five thousand shares, transferred, or accepted,—let us put it in that way,—two for one in the 30,000 share syndicate?—A. That is right, sir, authorized at 30,000.

Q. That meant that the new syndicate started out with 10,000 of its unit shares issued to the old syndicate?—A. Yes.

Q. To all intents and purposes retiring the old syndicate?—A. That is right, sir.

Q. And the old syndicate shareholders became shareholders in the new syndicate set up, and this was a syndicate with 20,000 shares available to sell to whoever wanted to buy them, or to give away for services rendered, as the case may be?—A. Yes, sir.

By Mr. Lennox:

Q. Why could not the old syndicate do that?—A. We had entered into contractual obligations with Robert which limited the size of our old syndicate; but the principal reason was this that if Swezey, Newman and I, who were in a sense the majority of the managers, had said "We will assess every member of this syndicate \$100 for every part-interest that he holds", we might have forced some of the people out. We did not want to do that.

Q. Why should you have to assess the members of the syndicate? Why could you not have increased the number of units and sell them?—A. In effect that is all we did do.

Q. No, because by reason of forming the second syndicate you got twice as many units, that is the members of the old syndicate made that much money out of it?—A. No, they did not make money. What we did was to require the people who became partners of ours after we had got our lease from the Province of Quebec and had done what we considered as spade work, should pay more money than we had paid; and that is why we divided our stock.

Q. That is, notwithstanding that you got two for one, the new subscribers had to pay more than you had paid?—A. Yes, they paid \$100 apiece; whereas had we all paid \$100 we would have been paying \$50 apiece. We got no cash on the transaction; we got units.

By Mr. White:

Q. Not until the syndicate assets were divided?—A. I would rather not argue the value of the syndicate's assets.

The CHAIRMAN: That is the usual way, turning natural resources to account.

By Mr. White:

Q. The first meeting of the Beauharnois Power Syndicate, the second syndicate, was according to the minutes, held on the 4th April, 1928 at 2.20 p.m.

Hon. Mr. MACKENZIE: The same day?

Mr. WHITE: The same day as the meeting of the first syndicate.

By Mr. White:

Q. This is a meeting of the syndicate managers of the Beauharnois Power Syndicate. How were these managers elected?—A. Are you referring to what you might call the provisional managers?

Q. I have here the minutes of a meeting of the first syndicate managers of the Beauharnois Power Syndicate, held at 136 St. James street, in the City of Montreal, on the 4th day of April, 1928, and these are the first minutes in the minute book.—A. I should think that they were probably chosen in the way all the first directors of the Beauharnois syndicates were chosen, but we went around the office and got people as trustees.

Q. Who were these people: Mr. F. Stuart Molson?—A. He is a director and fellow employee of Newman, Sweezey and Company, Limited.

Q. Mr. Ivan L. Ibbotson?—A. He is a fellow employee there.

Q. And Miss Hilda Knight?—A. An employee of Newman, Sweezey and Company.

Q. And Mr. L. Clare Moyer, we know who he is. And who is Mr. Robert Haldenby?—A. An employee of the Dominion Securities Corporation.

Hon. Mr. MACKENZIE: How can that meeting have been held on the 4th day of April when the meeting of the old syndicate was held on the 10th April?

By Mr. White:

Q. There was nothing to prevent the meeting, as they did not have any assets, but they were organizing, I see, and the chairman reported that the Memorandum of Agreement between F. Stuart Molson, Ivan L. Ibbotson, Hilda Knight, L. Clare Moyer and Robert Haldenby as parties of the First part and Marquette Investment Corporation as party of the Second part, constituting the Beauharnois Power Syndicate, had been executed on the 4th April, 1928, by all the parties thereto.

We have that agreement, have we not?—A. That is the second syndicate agreement, I think you have it.

Q. These minutes proceed:

The Chairman reported that subscriptions had been received from Mr. Robert O. Sweezey, Mr. Hugh B. Griffith, Mr. Robert W. Steele, Miss Hilda Knight and Mr. L. Clare Moyer for one (1) Part-Interest each of the Capital Stock of the Beauharnois Power Syndicate at One hundred dollars (\$100) per Part-Interest, and on motion duly seconded it was unanimously resolved that the said subscriptions be and they are hereby accepted and that one (1) Part-Interest be allotted to each of the said subscribers.

Mr. Molson was elected President and Mr. Moyer Secretary and Treasurer. And then the Memorandum of Agreement, dated the 4th day of April, 1928, between the Beauharnois Syndicate and the Beauharnois Power Syndicate was

brought to the attention of the meeting. I have already read that in the other minutes. And it was approved and the officers were authorized to execute it, in accordance with the provisions of the agreement, and the 10,000 shares consideration for the transfer of the assets from the first to the second syndicate were authorized. Then Messrs. Molson and Ibbotson, Miss Knight, and Messrs. Moyer and Haldenby, as first syndicate managers of the syndicate, resigned and their resignation was accepted; and a special general meeting was directed to be held on the same day for the purpose of electing syndicate managers to replace those retired.

That meeting was held at 2.45 p.m. on the same 4th day of April, 1928, according to the minutes, and the managers elected were Robert O. Sweezey, Hugh B. Griffith, Robert W. Steele, L. Clare Moyer and Miss Hilda Knight.

Then on the 4th day of April, 1928, the same day again, the chairman reported that Mr. F. Stuart Molson, the President, and Mr. Hugh B. Griffith, the Secretary and Treasurer, had tendered their resignations as such officers; and their resignations were accepted; and Mr. Sweezey was elected President, Mr. R. W. Steele, Vice-President, and Mr. Griffith Secretary and Treasurer.

And on the 14th April:

The Secretary reported that under the Agreement executed by the Syndicate with the Beauharnois Syndicate on the 4th day of April, 1928, ten thousand (10,000) Part-Interests had been allotted to The Beauharnois Syndicate and/or its nominees, and that The Beauharnois Syndicate had notified the Syndicate that its nominees to receive these Part-Interests were the following for the amounts set opposite their respective names:—

R. O. Sweezey.. . . .	1,600
H. Newman.. . . .	50
F. S. Molson.. . . .	700
R. W. Steele.. . . .	500
H. B. Griffith.. . . .	300

Were those your own, Mr. Griffith?—A. No, they included—

Q. They included the ones which you were holding for others?—A. Yes, sir.

Q. Another or others?—A. Another.

Q.

I. L. Ibbotson.. . . .	50
S. T. Blakelock.. . . .	50
W. Sutherland.. . . .	50
W. M. Dobell.. . . .	100
Aime Geoffrion.. . . .	400
T. Fred Kenny.. . . .	30
W. M. Robert.. . . .	200
John Stadler.. . . .	200
Credit General de Canada.. . . .	1,600
T. A. McGinnis.. . . .	200
Dr. A. Shortt.. . . .	20
Heirs late J. B. Robert.. . . .	200
J. C. Newman.. . . .	50
Frank Jones.. . . .	400
Fred M. Connell.. . . .	100
Beauharnois Syndicate.. . . .	3,200

The CHAIRMAN: I presume for these shares everyone paid the same amount?

Mr. WHITE: These are the 10,000 shares which were exchanged for the old shares, and these were the nominees of the old syndicate.

By Mr. White:

Q. That 3,200 shares was the balance of the 10,000 shares unallotted to individuals, or perhaps to put it more correctly, in respect to which the Beauharnois Syndicate had not made any nomination so that they went directly to the syndicate instead of to nominees of the syndicate?—A. That is right.

Q. Then on motion it was resolved—

The CHAIRMAN: Just a moment, Mr. White, I am not following that. What you have just referred to are the 10,000 shares issued out of the second syndicate to take care of the shares of the first syndicate?

Mr. WHITE: As the consideration for the transfer to the second syndicate of the assets of the first syndicate.

The CHAIRMAN: And the shares were issued to the members of the old syndicate?

Mr. WHITE: The agreement was that they should be transferred to the old syndicate or its nominees, and in respect to the names which I have mentioned here, the old syndicate made nominations; but the nominations apparently did not absorb the whole 10,000, and there were 3,200 Part-Interests left which were transferred, instead of to nominees, direct to the old syndicate itself.

The CHAIRMAN: Presumably for distribution among the members entitled.

Mr. WHITE: Obviously, I should think so.

By the Chairman:

Q. I suppose there was a list of the shareholders of the first syndicate as of the date of dissolution?—A. Mr. Chairman, the list which Mr. White has just read is the list of all the members, with two exceptions, F. P. Jones and Moyer; and my recollection is that they were not nominated on the 4th April, but became nominated at a later date, because of the fact that their payments had not been completed, their shares had not been fully paid, and the old syndicate did not forward their nomination until these parties had paid the balance of the money due by them.

Q. Then am I correct in saying that the total number of unit holders in Syndicate No. 1 at the date of the dissolution is set out in the list which Mr. White has read, plus the two names you have stated?—A. That is right, sir.

By Mr. Montgomery:

Q. And they would take up the balance of the 3,200?—A. Yes.

By the Chairman:

Q. And they are shown in the books of the old syndicate?—A. Yes, sir.

By Mr. White:

Q. We will check that, of course, by reference to the books themselves. Perhaps it might be convenient to do that now. Have you the share ledger here which will show the syndicate members as of the 14th of April, 1928?—A. Robert O. Swezey.

Q. How many shares? The 14th of April, 1928, is that the date of this resolution I have read?—A. It is the last date in this book.

Q. The last date in what book?—A. The share stock book of the Beauharnois syndicate.

Q. That is the first syndicate?—A. Yes.

By the Chairman:

Q. That is the share register?—A. Yes. Robert O. Swezey, 800.

By Mr. White:

Q. He gets 1,600?—A. That is correct. Henry Newman 25, F. S. Molson 350, R. W. Steele 250, H. D. Griffith 150, I. L. Ibbotson 25, S. T. Blaiklock 25, W. Sutherland 25, W. M. Dobell 50, Aime Geoffrion 200, T. Fred Kenny 15, W. H. Robert 100, John Stadler 100, Credit General de Canada 800, T. A. McGinnis 100, Dr. A. Shortt 10, Clare Moyer 800, heirs of the late J. B. Robert 100.

Q. Have you J. C. Newman?—A. Newman, Sweezey and Company in trust 800.

Q. Is that part of the thirty-two?—A. Yes, that is part of the thirty-two; and so is Moyer, by the way.

Q. Just proceed?—A. Moyer and Newman, Sweezey in trust for 800 each, became 32, John Newman 25, Frank P. Jones 200, Fred M. Cornell 50.

Q. And of the 3,200, you say they were made up of Newman, Sweezey in trust for Frank P. Jones?—A. 800 shares.

Q. Who had 800 shares of the old syndicate, which became 3,200 in the new?—A. 1,600 in the new.

Q. And Moyer, in trust for somebody you do not know about?—A. Yes.

Q. Which became 1,600, the two constituting the 3,200 mentioned in this resolution?—A. That is correct.

By the Chairman:

Q. That makes up the 10,000?—A. That is right, sir.

By Mr. White:

Q. This resolution was passed reciting the necessity for the deposit with the Provincial Government which Mr. Griffith has spoken of, and other outgoings that would be probable, and this minute occurs, "in order to provide for these contingencies as well as for the engineering work already authorized, the Chairman recommended that 10,000 and five par-interests of the syndicate be offered to the members of the syndicate at the price of \$100 each on the basis set out below." That is not quite in accordance with what I understood you to say a moment ago, which was that the new members coming in would pay more than the ones who had already been in, because the price is fixed at \$100, and you were offering these to the members of the old syndicate?—A. That is correct.

Q. Your letter offering that is set out. I need not read it—the form of subscription—and the meeting adjourned. But on the 30th of April at high noon there was held a meeting of the syndicate managers, at which were present Messrs. Sweezey, Griffith, Moyer and Miss Knight, and subscriptions were received from a number of people who do not appear to have been members of the old syndicate, in amounts of from two to ten part-interests.

The CHAIRMAN: What is the date of the meeting?

Hon. Mr. MACKENZIE: April 30.

By the Chairman:

Q. Can we take it from that, Mr. Griffith, that the offer was made to the original members, and some of them failed to come through?—A. No, sir, all of the original members did subscribe. An additional allotment, so-called treasury stock—

Q. Over and above the 10,000 and five?—A. Yes.

Q. When was that issue authorized?

Mr. WHITE: That does not appear in the minute.

WITNESS: It is authorized by the exception of the application of the allotment of the stock.

By the Chairman:

Q. Authorized after the application came in?—A. Yes.

Q. Because the minute we had a moment ago indicated the offering as 10,000 and five, which would just equate the number of shares held by the members of the old syndicate. Applications came in for a greater number than the 10,000 and five, and the applications were accepted, and afterwards the issue of the additional number was approved in the minutes by the managers?—A. Yes. After the application had been received. In point of fact, the syndicate started by allotting 10 to the old syndicate—10,000 part-interests.

Q. And five?—A. The five are the five incorporators, or originators. It then took another 10,000 and said to the only members that the syndicate then had which was still the 18 or 19 members of the first syndicate, "you can buy another 10,000 at the rate of one part interest for each part interest you now hold." And they did, in fact, so subscribe.

By Mr. White:

Q. That was 10,000 and five; it was not 10,000?—A. The five by the way were never subscribed; they went to the incorporators under the theory of the thing. They were offered to the incorporators. I should not call them the incorporators; I should call them the first members. The first members did not exercise their first right.

By the Chairman:

Q. We sometimes call them dummies and guinea receivers?—A. We do not get any guineas in Canada, of course. After that had been done the syndicate did invite other persons to become members. When I say the syndicate, that is perhaps not correct. Let me say that Mr. Swezey or I or Mr. Steele or the party interested did invite other persons to become members of the syndicate and told them that if they would send in an application for an allotment of part shares, that application would be considered by the syndicate members.

By the Chairman:

Q. On the same basis as the old one—at \$100?—A. On the same basis as the old one at \$100.

By Mr. White:

Q. Is that the fact?—A. Yes, that is the fact.

Q. There is a curious resolution here, if that is the fact. I am not doubting your word at all but it may require some explanation?—A. I will be glad to give it.

The Committee adjourned until 2.30.

AFTERNOON SITTING

The Committee resumed at 2.30 o'clock.

HUGH B. GRIFFITH, recalled.

By Mr. White:

Q. The applications of which we were speaking at adjournment and the names of the applicants appearing on page 31 of the minutes of the board of managers of the Beauharnois Power Syndicate of the 30th April, 1928, appears on pages 31 and 32, and there are some sixty-three applicants. I doubt whether

the committee will be interested in their names. I have looked them over and they appear to be largely brokers?—A. A large number of them.

Q. I think I recognized 34 of them as brokers doing business in Toronto.

Mr. JACOBS: We will pay no attention to them at all; they do not deserve consideration.

Mr. WHITE: There are several brokers, I think, from Montreal.

Mr. JACOBS: It makes no difference.

By Mr. White:

Q. This is the list of the subscribers to the third block of 10,000 shares. I have not added them up, but they do not look like 10,000 to me?—A. They are not. I might explain that there are 995 part interests included in the list, and I think one or two subsequent lists at other meetings.

Q. They are small blocks?—A. They total one thousand, if we include the five guinea receivers.

By the Chairman:

Q. Each one of these unit shares in the second syndicate carries with it the right of conversion, if we can use that term, in the shares or bonds of the Beauharnois Company Limited?—A. It did not carry it right at that time.

Q. It subsequently developed?—A. It constituted a part ownership in the assets, and when the assets were sold the proceeds were divided amongst the holders of part interests.

By Mr. White:

Q. When the proceeds were sold to the Beauharnois Power Company?—A. Yes.

By the Chairman:

Q. I had in mind that the next step and probably the final step would be that those holding units in the second syndicate, by reason of their holding a unit, became entitled to and got something in the parent or holding company—the Beauharnois?—A. That is true.

Q. What did they get per unit?—A. \$150 in cash.

Q. And what else?—A. And 40 class A common shares.

Q. Do those class A common shares ever have a market value?—A. Yes, they are sold on the Montreal Curb Exchange.

By Mr. White:

Q. They are selling at about six dollars?—A. I think they have gone down to five and a half.

By the Chairman:

Q. What have they been at?—A. I had the record. I am speaking from memory—about 15.

Q. They are down to about six?—A. They are down, as I say, to five and a half. I have not inquired to-day.

Mr. FORSYTHE: They were at five.

Mr. STEWART: The Ottawa Journal said six.

By Mr. White:

Q. At the same meeting an application was submitted from Mr. Sweezy, transferring to Mr. Griffith 50 part interests in the syndicate. Were they purchased by you, Mr. Griffith?—A. I imagine so, Mr. White. I know I did buy

from Mr. Sweezey, or from Mr. Molson—I am not sure which—fifty. The transaction would show on my own account whatever it was.

Q. There is another application from F. S. Molson for permission to transfer to Henry Newman 150 part interests, and to H. B. Griffith 100 part interests. Was that transaction on your own part too?—A. Yes, that was.

Q. And neither of these applications—the 50 or the 100 part shares—were held by you in trust for anyone else?—A. No.

Q. Then on the 9th of May, 1928, “further subscriptions were received at the price of \$100 per part interest, Midland Securities....” there is a long list of them.

Hon. Mr. MACKENZIE: Where do you get the 9th of May?

Mr. WHITE: It is another meeting—a meeting of the Board of Syndicate Managers. Subscriptions were received from various people for shares varying from one to ten—quite a substantial list, but on reading the list over there is not anything that to me appears worthy of bringing to the attention of the committee. An allotment is made in accordance with those applications. There are about 100 others?—A. I think so. That and the preceding list and another list would total 995.

Q. Then, at a meeting on the 18th May, 1928, subscriptions from 14 individuals were accepted, small blocks of shares from one to ten, and the rights of the original subscribers to subscribe to further shares were limited to a certain date. Meeting of the 12th of June, applications for subscriptions from various individuals, from one to fifty shares. There is nothing worthy of note so far as I can see by looking at it.

The secretary reported that in respect to the 10,000 part interests offered to part interest holders, of record the 18th day of April, 1928, subscriptions had been received accompanied by payment of 10 per cent for 9,500 part interests, and that subsequent to May 18, 1928, on which date the right to subscribe had expired, an application from Mr. R. O. Sweezey had been received for the five hundred shares not otherwise applied for. On motion duly seconded it was resolved (Mr. R. O. Sweezey not voting) that five hundred part interests of the syndicate be allotted to Mr. Sweezey, on the same terms and conditions as the allotment authorized on the 14th day of April, 1928.

At what price was that?—A. \$100.

By the Chairman:

Q. All these shares in the second syndicate, over and above the 10,000 and five were sold at the same price; \$100?—A. Yes.

Q. Without any commission to anybody?—A. Without any commission to anybody.

Q. And none of them were given away?—A. There were 2,000 which were issued for assets valued at \$200,000. With that reservation, they were all sold for cash at \$100.

By Mr. White:

Q. Does that appear in the minutes?—A. That appears in the minutes.

Q. Then follows a long resolution in regard to pledging to the Bank of Montreal 50 per cent of the subscriptions, and the names of the persons are set out.

By the Chairman:

Q. These are sold on the instalment plan?—A. Yes, sir. The 10,000 that were issued to the original subscribers were sold on the instalment plan—the small subscription.

Q. That is the second 10,000 and five?—A. Yes, sir. The small subscriptions that Mr. White has been referring to were paid for in cash in full.

By Mr. White:

Q. There is a peculiarity about this document which I think I ought to bring to your attention. It is an assignment to transfer from the syndicate managers to the Bank of Montreal, apparently intended as security for advances made by the bank, and the thing that is assigned to the bank is the subscriptions, apparently the security being the unpaid portions of those subscriptions. As you have already pointed out, Mr. Chairman, they were paid for in instalments, and for the first time in the list is the name of Mr. J. A. Lefebvre concerning whom I asked this morning regarding 1,600 shares.

The CHAIRMAN: What date is that?

Mr. WHITE: The date of the subscription is given as May 18, 1928.

By Mr. White:

Q. How did Mr. Lefebvre acquire these?—A. Mr. Lefebvre acquired the right to subscribe for the shares which would otherwise have been subscribed to by Credit General de Canada, and he acquired the right by nomination of Credit General de Canada.

Q. He was the gentleman you spoke of as being employed in Senator Raymond's office?—A. Yes.

Q. In other words, the Credit General de Canada did not take up their own subscription, but assigned the right to Mr. Lefebvre?—A. That is correct.

Q. There is no minute so far authorizing that, is there?—A. I do not recall that there was a minute. There may have been.

Q. I have looked it over carefully and I find none?—A. There is not then.

By the Chairman:

Q. That is for 1,600 shares?—A. Yes.

Q. He would get those for \$100 per share?—A. Yes.

Q. Is there any reason why the Credit General de Canada should relinquish their right to subscribe and hand it over to Mr. Lefebvre?—A. No. I do not know their motives at all.

Q. It strikes me as peculiar that they would do such a thing unless they were impoverished?—A. I really do not know. I have never done any business with them.

Mr. WHITE: Therefore, they are not impoverished?

WITNESS: Thank you, Mr. White.

By the Chairman:

Q. They have given up an apparent profit of \$50,000?—A. Of course, the profit was not apparent in 1928, Mr. Chairman.

Q. Well, it was impending; let us put it that way?—A. That was a year and a half away.

By Mr. Jacobs:

Q. The Credit General is the trustee?—A. I believe it is the Trust Company for the Banque Nationale. It is the same as the Royal Trust Company.

By the Chairman:

Q. You do not know why they relinquished their right and gave it to Mr. Lefebvre?—A. No, sir, I do not.

Q. Mr. Lefebvre, at any rate, paid the \$100?—A. Yes.

Q. Was it Mr. Lefebvre's own cheque that paid it?—A. My recollection is that it was. I would not like to give evidence that it was. I did not personally handle all the cheques, but I imagine that it was.

By Mr. White:

Q. He was the shareholder of those shares at the dissolution?—A. I think he had sold his shares at the time Mr. Jones sold his. Yes, he sold his shares to Mr. Sweezey on the 1st of October, 1929.

By the Chairman:

Q. Was the 1st of October, 1929, the date when the deal was made—when Mr. Jones disappeared?—A. I think Mr. Sweezey took some of the shares at an earlier date. I can give you that. It was covered by a personal agreement between Sweezey and Jones as to the dates of delivery and payment, and Mr. Jones tried to suit Mr. Sweezey's convenience in the matter. On the 24th of July, 1929, I find Mr. Sweezey took delivery of some shares on the 19th of August, and he took delivery of the shares on the 1st of October, 1929.

Q. Have you there handy the total amount that Mr. Sweezey bought from Mr. Jones?—A. It would appear to be 3,900—not all from Mr. Jones, but a considerable number of people with him.

Q. That is all that Mr. Sweezey brought from or through Mr. Jones?—A. Yes, that is correct.

Q. At what price per unit were they paid?—A. I can only give you, in a sense, hearsay knowledge of that?

Q. You have nothing in your books?—A. There is nothing in my books to give evidence on. I know what it was. I was present when they made the arrangement. There is no evidence I can give from my accounts.

By Hon. Mr. Mackenzie:

Q. You know what it was?—A. Yes.

By Mr. White:

Q. What was it?—A. It was \$550 part interest.

Q. How many units did Mr. Jones transfer at that time?—A. It appears to be 3,900, although that may be incorrect. Mr. Sweezey can, in due course, give you the exact number he bought.

By Mr. Stewart:

Q. Do I understand you to say that that included the 1,600?—A. That included all of Mr. Jones' shares as well as those who gave him proxies, and the total on my records which Mr. Sweezey acquired at that time was 3,900.

By Mr. White:

Q. That would be \$2,145,000?—A. We can work it out. That is probably right.

Q. I was going to ask for the number— —A. No, I am wrong. This is more like 6,900 units.

Mr. LENNOX: That would agree with Mr. Jones.

By Mr. White:

Q. How many of those did Mr. Jones himself own at that time?—A. I will have to turn up to Mr. Jones. This record here does not—it is not apparent. Mr. Jones himself shows here as having had 1,400.

Q. How many?—A. 1,400. No, it shows as having delivered 3,400.

By Mr. Lennox:

Q. Who had that?—A. Mr. Jones.

Q. Of his own?—A. Of his own.

The CHAIRMAN: That must be wrong, because Mr. Jones showed us all of the books, oh, the books must be wrong. Mr. Jones could not do that.

Mr. WHITE: We want to get at the facts if we can.

By Mr. Lennox:

Q. If that is true, then Mr. Jones got twice as much money as he says he did?—A. I think his evidence was consistent. He had 800 part interests which became 1,600, which became 3,200. My evidence here is that he had 3,400, and he may have had some transactions—

Q. 3,400 at five fifty— —A. Would be one million seven hundred thousand.

Q. Say a million. He says he got a million.

The CHAIRMAN: That shows \$700,000 added, but that is not much between friends.

By Mr. White:

Q. According to your books he received \$1,780,000, and his profit upon that would be that less \$190,000. And that is \$1,680,000.

Mr. LENNOX: Anyway, the total amount that he paid was \$190,000 cash.

Mr. MONTGOMERY: Yes, but he held himself personally liable as well.

The WITNESS: He had 3,200 part-interests.

By Mr. White:

Q. 3,200.—A. Yes.

Q. And not 3,400.—A. Not 3,400. Nevertheless, it shows 3,400. I will just try and check this up. There were a great many transactions as between members of the syndicate one way and the other.

Q. Well, he told us he put in \$190,000 in cash.—A. Yes.

Q. Now, that would mean that he, according to you, was the owner of 3,200 shares.—A. That is right.

Q. For which you say he got \$550 a share.—A. \$550.

Mr. LENNOX: Will you repeat the question, Mr. White.

By Mr. White:

Q. According to you, if he paid in as he said \$190,000 he received therefor 3,200 part-interests which he sold for \$550 per part-interest.—A. That is correct.

By the Chairman:

Q. Therefore, he should have received \$1,760,000.—A. That is correct.

Mr. LENNOX: And he swore he received \$1,000,000 or less.

The CHAIRMAN: The 800 finally became 3,200. Mr. Jones will have to explain that.

Mr. WHITE: Would the committee direct that when Mr. Jones returns he be asked to bring whatever books he has which will contain any entries of those transactions.

Hon. Mr. MACKENZIE: He said he had none.

Mr. WHITE: He said he had no books.

The WITNESS: I think I should advise the committee that Mr. Jones asked me if I would give him a memorandum of what he had done, because it happened so many years ago. I was not able to give him that.

By the Chairman:

Q. When did this happen.—A. In 1929.

Q. A man with even very large affairs would not entirely miss three-quarters of a million dollars in two years.—A. I did not give him any memorandum, and he was speaking from memory.

Hon. Mr. MACKENZIE: I think we should clear that matter up at once, Mr. Chairman.

The CHAIRMAN: Oh, absolutely.

Mr. WHITE: I make the profit at that figure of 3,200 shares to be \$1,570,000.

The CHAIRMAN: That is \$1,760,000 less \$190,000. The profit will be \$1,670,000 to Jones.

Mr. WHITE: \$1,570,000.

The CHAIRMAN: Yes, \$1,570,000.

Mr. LENNOX: That is, placing it at 3,200 shares.

Mr. WHITE: Yes.

Mr. LENNOX: If the books are correct he had 3,400.

The CHAIRMAN: That is, the accumulation—I put it that way—of the 800 shares he had originally went to 1,600 and then to 3,200. That was sold to Mr. Sweezy at \$550 a share, and the aggregate would be \$1,760,000 from which he had to subtract \$190,000, which would leave \$1,570,000 instead of \$980,000 as Mr. Jones testified to yesterday.

Mr. WHITE: No, \$980,000 less \$190,000.

The CHAIRMAN: I have taken the \$190,000 off the \$1,760,000.

Mr. LENNOX: That just shows the frailty of our memories.

Mr. WHITE: If anybody wants to give me a million and a half dollars I will promise to remember it as long as I live.

Mr. STEWART: He claimed he got a total of \$980,000 and he had an investment of \$190,000, so he had a clear profit of \$790,000, whereas you make it \$1,570,000.

Mr. MONTGOMERY: As a matter of fact, I know Mr. Jones was holding part-interests for other people.

The CHAIRMAN: As far as the 800 shares were concerned he distinctly swore that those were his shares.

The WITNESS: At some stage, in some syndicate, he became the holder of shares for someone else.

Mr. JACOBS: Let us have Mr. Jones here and clear the thing up. It is only just to Mr. Jones and just to ourselves. We are spending a lot of time which can be usefully utilized along some other line.

The CHAIRMAN: Yes, let us get along, Mr. White.

Mr. WHITE: Then a meeting on the 3rd of July:

The President reported that options had been secured on a substantial amount of land at Beauharnois, and it was expected further options would be secured during the next month. For this purpose a provision of further funds would become necessary by the middle of July.

It was accordingly moved, seconded and unanimously resolved that a call of a further 10% of the amount subscribed for the Syndicate Part-Interests offered on the 18th of April, 1928, is hereby made and will become due and payable on the 17th of July, and that the Secretary be instructed to send out notices to that effect.

On the 23rd of July at a meeting on that date subscriptions were received from the Eastern Trust Co. for 100 part-interests and from Henry Newman for 10 part-interests:

The Secretary then submitted applications for permission to transfer Part-Interests in the Syndicate and on motion duly seconded it was unanimously resolved that the following applications be granted, and permission be and it is hereby given to make the following transfers—

From—To—Part-Interests

Robert W. Steele, Dominion Securities Corporation Ltd., Toronto, 500; Beauharnois Syndicate, Frank P. Jones, 1,600; Beauharnois Syndicate, L. Clare Moyer, 1,600; Robert O. Sweezey, A. L. Caron, 300; Robert O. Sweezey, A. L. Caron, 100; Robert O. Sweezey, A. L. Caron, 100; A. L. Caron, Hanson Bros. Inc., 100; Robert O. Sweezey, A. L. Caron, 300; Francis Giddens, Col. J. Welsford Macdonald, 50; F. Stuart Molson, Charles E. Frosst, 10; F. Stuart Molson, Equity Securities, Corp., 5; F. Stuart Molson, Alexander Hutchison, 5; Robert O. Sweezey, James A. Richardson, 40; Robert O. Sweezey, Angus W. Hodgson, 50; A. L. Caron, The Royal Trust Co., 100.

By the Chairman:

Q. Who was A. L. Caron.—A. He is a business man in Montreal who was associated with and a friend of Sweezey at the time this was organized.

Mr. WHITE: These transfers were authorized.

Then there is a resolution:

On motion duly seconded it was unanimously resolved that Robert Oliver Sweezey and Hugh Bradford Griffith be and they are hereby authorized and instructed on behalf of the Beauharnois Power Syndicate and of the Board of Syndicate Managers thereto to sign and execute (in as many counterparts as in their opinion may be convenient) an assignment and transfer of fifty per cent (50%) of the total amount subscribed by each and every subscriber to Part-Interests in the Beauharnois Power Syndicate, that transfer and assignment to be in the following form, or to the like effect.

That transfer was from the Syndicate to Dominion Securities Corporation, and to Newman-Sweezey & Co., Ltd., and Frank P. Jones and, I suppose, was for the purpose of securing guarantees of that half million dollars to the Bank of Montreal.

The WITNESS: Yes, it was an assignment subject to the prior rights of the Bank of Montreal—

By Mr. White:

Q. 50% was assigned to the Bank of Montreal.—A. No, Mr. White. It was a secondary assignment of the same 50% that had been assigned and only would become effective if the guarantors were called upon to pay the balance.

Q. And that was to secure them.—A. Yes, sir.

Mr. WHITE: And in that same Minute there is a list of shareholders appended, as was in the other agreement which I mentioned a while ago in connection with the assignment to the Bank of Montreal:

There was then submitted to the meeting the resignation of Miss Hilda Knight as Syndicate Manager. This was accepted, and on motion duly seconded it was unanimously resolved that Mr. Frank P. Jones be elected as Syndicate Manager.

Then on the 12th of September:

The Secretary then reported that options had been secured on approximately 11,000 acres of land, at an average price of \$122 per acre, and that \$135,056, had been expended on this account.

He further reported that the survey undertaken at Beauharnois had been completed, and that he had given instructions for the materials which remained to be stored in the office at Beauharnois, and that they be protected by insurance against fire and theft.

The Auditors' report, dated August 31, 1928, was presented to the meeting, together with a statement showing the current cash balance in the bank of \$8,649. It was accordingly moved, seconded, and unanimously resolved to call up a further 10 per cent of the amount subscribed for the Syndicate Part-Interests offered on the 18th of April, 1928, is hereby made and will become due and payable on the 1st of October, 1928, and the Secretary is instructed to send out notices to that effect.

By Mr. White:

Q. By the way, have we that auditors' report, is it available?—A. I imagine so. All the records are available, Mr. White.

Q. I would like to have that. When can I have it and where?—A. I imagine Mr. King has it now. I know he has had all our reports and records.

Q. I do not want to fall between two stools.—A. What was the date of the balance sheet referred to?

Q. August 31, 1928.—A. We will have that for you, Mr. White.

Mr. WHITE: Continuing from this Minute of the 12th of September:—

The Secretary reported that the President, Mr. R. O. Sweezey, had suggested that an Interim Report of the activities of the Syndicate be sent to the members of the Syndicate, and the Secretary submitted a draft report which had been approved by the President.

On motion duly seconded it was unanimously resolved that the draft report, as submitted, be approved and the Secretary was instructed to have same printed and sent to the members.

Then on the 18th of October, meeting of the Board of Syndicate Managers of the Beauharnois Power Syndicate:—

There was submitted to the Meeting an application for permission to transfer 3,200 Part-Interests in the Syndicate from L. C. Moyer to John P. Ebbs, and on motion duly seconded it was unanimously resolved that the said application be granted, and permission be and it is hereby given to make the said transfer.

By Mr. White:

Q. Can you tell us anything about that, Mr. Griffith?—A. I do not know that there is anything to tell, Mr. White.

Q. There must be some kind of story behind it.—A. Mr. Ebbs is a partner in the firm of McGiverin, Haydon & Ebbs, and Mr. Moyer is a solicitor in Ottawa, and for reasons of which I am not aware, Mr. Moyer transferred his holdings to Mr. Ebbs.

Q. Well, was it not in pursuance of some sort of arrangement with the Syndicate Managers in reference to the holdings in the Syndicate?—A. The Syndicate Managers did not have the disposition of Mr. Moyer's holdings.

Q. Obviously. Were you as a Syndicate Manager consulted about it?—A. We were consulted, all the Managers were consulted.

Q. And were the reasons for the transfer explained to you?—A. Why, the reason for the change and transfer, as explained to me as a Syndicate Manager, was that the beneficial ownership of the shares held by Moyer was changed in some respect and that they should be registered in the name of Ebbs.

Q. Let us get the matter straight. Do you mean to say you cannot tell us what that change of beneficial ownership was?—A. I would rather not give

what is hearsay evidence as far as I myself am concerned. I think I know, but I have no evidence about it at all.

Mr. JACOBS: Mr. Moyer is here and Mr. Ebbs is here. All Mr. Griffith can say is what they told him and that certainly is not evidence.

The CHAIRMAN: What Mr. Moyer told him would be evidence.

Mr. JACOBS: I think not.

Mr. WHITE: We will not press it unless you think so, Mr. Chairman. I thought we could get the story shortly from Mr. Griffith. He has a succinct way of putting things. However, we will do it the other way:—

There was then submitted to the meeting the resignation of Mr. L. C. Moyer, as Syndicate Manager. This was accepted, and on motion duly seconded it was unanimously resolved that Mr. John P. Ebbs be elected as a Syndicate Manager.

On the 11th of December, 1928:—

There was submitted to the meeting an application for one thousand Part-Interests at the price of \$100 per Part-Interest, from Mr. Oscar Dufresne, and on motion duly seconded it was unanimously resolved that this subscription be and it is hereby accepted, and that one thousand Part-Interests in this Syndicate be allotted accordingly; and that thirty per cent of the amount payable thereon be called forthwith, and the balance be payable from time to time as the Syndicate Managers may decide, and the Secretary was instructed to make notification of the allotment and the terms thereof.

Hon. Mr. MACKENZIE: What date, Mr. White?

Mr. WHITE: 11th December, 1928. Then on the 14th December, 1928:

There was submitted to the meeting an application for One Thousand Part-Interests at the price of \$100 per Part-Interest from Mr. Hugh B. Griffith, together with a cheque for One Thousand Dollars (\$1,000) on account of this subscription.

And that was allotted.

By Mr. White:

Q. Was that on your own account, Mr. Griffiths?—A. No it was not, Mr. White.

Q. Who was it for?—A. A Mr. Simard.

Q. What is his first name?—A. Joseph.

By the Chairman:

Q. Is he a contractor in Montreal?—A. I think his home is in Sorel.

By Mr. White:

Q. Why did he not make the application himself?—A. I think he was prepared to. I do not know that this is a reflection on Mr. Simard, but you will note there was only \$1 per share paid.

By the Chairman:

Q. How many units was that for?—A. 1,000 part-interests.

Q. And they went to you for Simard.—A. I held them for Simard.

Q. At what price?—A. \$100 each.

Q. He paid you back, or did you pay for them?—A. I paid for them. I made the initial payment, which Mr. Simard refunded to me, and subsequent payments were made by Mr. Simard to me. It was an ordinary transaction for

which I gave him a statement of contract acknowledging that I held those in my name for his account.

By Mr. White:

Q. I do not quite agree that it was an ordinary transaction.—A. Well, let me say it is a customary transaction in corporate circles.

By the Chairman:

Q. Was there any profit in it for you?—A. Not a cent.

Q. That is not a customary transaction.—A. Sometimes it is, Mr. Gordon.

Q. I do not follow that. Was he an old friend of yours?—A. I have known him for some time.

Q. How much money did that involve?—A. \$100,000.

Q. How much did you pay on his account before he started to pay you back?—A. \$1,000.

Q. And you assumed a liability for \$99,000?—A. I did, yes.

Q. Surely, Mr. Griffiths, there must have been some prompting impulse that suggested you should do that.

Mr. JACOBS: He was making something on the stock of this company and getting money into the treasury.

The WITNESS: I did not regard the liability as being a serious liability from my point of view. I would have been glad to own the shares myself if the syndicate had permitted me to own them. We could have sold more shares than we had at that time available for sale.

By Mr. White:

Q. Why was Mr. Simard personally selected for this honour?—A. Because of his position and experience both in the electrical business and construction business.

Q. And nothing else?—A. Nothing else that I am aware of.

By the Chairman:

Q. Did you look to Mr. Simard to give you some assistance in the construction business in connection with the project?—A. Yes, we did. Mr. Simard is in the dredging business. He is very familiar with the dredging business. He owns several suction dredges and he had engineers inspecting our work for quite a considerable period.

Q. He has had large contracts from the Dominion Government on the St. Lawrence?—A. I think he obtained some subsequent to this time. I have no knowledge of his dredging contracts.

By Mr. White:

Q. Do you know whether these shares were for Mr. Simard himself or was he obtaining them for someone else?—A. My belief is they were for Mr. Simard.

Q. He will be able to tell us about that?—A. Right.

By the Chairman:

Q. Simard and Dufresne were practically in the same position?—A. I think so.

Q. Did you take up Dufresne's in the same way?—A. No, Dufresne took his own up and paid for them.

Q. They were both dredging contractors on the St. Lawrence amongst their other activities?—A. I do not know what he does in the dredging line. I know he is a contractor and a builder.

Mr. WHITE: Then the Minutes proceed:

The Chairman informed the meeting that Sterling Industrial Corporation Limited had filed with the Department of Public Works at Ottawa an application for approval of plans similar to those filed by the Beauharnois Light, Heat & Power Co. and that such application by the Sterling Industrial Corporation Limited had been filed previous to that of the Beauharnois Light, Heat and Power Company.

I have sent for the file. We have the file of the Department of Railways and Canals and Mr. Morin has looked it over, and that application was forwarded to the Department by Messrs. McGiverin, Haydon & Ebbs, on the 5th July, 1924. It was addressed to the Hon. George P. Graham, Minister of Railways and Canals:

We are enclosing on behalf of Sterling Industrial Corporation Limited, an application for diversion of water from Lake St. Francis and otherwise as the application shows.

The application is signed by the Secretary of the Company, whose address is 19 Elgin Street, Ottawa.

We will be pleased to furnish such other information as may be deemed necessary.

And the application is dated the 5th of July, 1924, addressed to the Hon. George P. Graham as Minister of Railways and Canals, and says:

On behalf of the Sterling Industrial Corporation Limited I desire to request your favourable consideration and approval, so far as the interests of your Department are concerned, of the following application.

(1) To divert an amount of water not exceeding 30,000 cubic feet per second from Lake St. Francis, subject to the construction of the necessary remedial works.

(2) To enter into an agreement with your Department under which the Corporation will either:

(a) Construct between Lake St. Francis and Lake St. Louis a power canal of such design that same may be used later for navigation purposes, if so desired, by the addition of works necessary solely for navigation purposes.

(b) Or a canal which will provide at once for navigation, as well as power purposes.

This agreement to contain such terms and conditions in regard to the above as may be mutually agreed to.

(3) To approve of accompanying plans of the above project or such modifications thereof as may be mutually agreed to.

The accompanying plans and description of the project have been prepared by Mr. J. B. McRae, Consulting Engineer, Ottawa.

STERLING INDUSTRIAL CORPORATION LIMITED,
Per Lyla Brennan, *Secretary*.

It might be interesting to look at the plan accompanying this application, which has a strangely familiar look.

Mr. JACOBS: It is funny how two canals look alike, Mr. White.

Mr. WHITE: Yes. Its width on the bottom is 450 feet. It has a 30-foot depth, and the slopes appear to be about 3 to 1.

The CHAIRMAN: Before you go any further could you inform the committee who was behind this application.

Mr. WHITE: What was the width of the top then between the banks.

Mr. MONTGOMERY: Mr. Henry can explain all that to you.

Mr. WHITE: 570 feet. And the entrance from Hungry Bay is in the alternative, one alternative being somewhat to the northeast of Grosse Point quite near to the entrance to the Cedars Rapid, the other one being very much in the location of the present canal as it is now, and the power house being located somewhat southeast of Melocheville.

This application is signed by Lyla Brennan, and there is the acknowledgment of that application from the Department of Railways and Canals and apparently a report signed by Mr. McLachlan. It is quite a long report.

The CHAIRMAN: Shortly, was this application made by the Sterling Industrial Corporation, for the rights asked for, considered by the then Government.

Mr. WHITE: It was considered by the Minister because, on December 17, 1924, there is a letter addressed to Messrs. McGiverin, Haydon & Ebbs, I assume from the Minister, certainly from the Department—in which it says:—

This matter has been thoroughly gone into and the Department considers it would be very inadvisable to grant any concession of canal or water powers between Lake Ontario and Montreal before a final report is made by the Deep Waterways Joint Engineering Board and before the National Committee has decided on questions of policy.

The CHAIRMAN: Apparently then that application stopped at that, for the time being at any rate. I trust it was not another barrier towards the consummation of the present scheme.

Mr. WHITE: On July 9, 1924, it appears that a letter is written to Messrs. McGiverin, Haydon & Ebbs, to the effect that the application has been submitted to the Chief Engineer of the Department. Mr. McLachlan's report may be interesting, but I will endeavour to peruse it in secret.

Then on March 7, 1928, there appears in this file this memorandum for the Chief Engineer:—

Mr. Cahan, M.P., gives notice of the following motion:

For a copy of all applications which have been made for licences, permits, or any other form of authorization by the Government, or any Department thereof, for permission to divert the waters of Lake St. Francis by a canal or canals, and to discharge such waters so diverted into Lake St. Louis for the purpose of thereby producing or generating hydro-electric energy, with copies of the reports thereon by the engineers or other experts of any department of the Government, and also a copy of all departmental reports, orders in council, documents and correspondence relating thereto, with a copy, so far as available, for all general maps or plans of such proposed diversions of waters and of the hydro-electric works proposed to be constructed in connection therewith.

Mr. JACOBS: What is the date of that.

Mr. WHITE: March 7th, 1928. Then Mr. Dubuc, who was the Chief Engineer, makes the return, and an Order of the House made on the 20th of March, 1928.

Hon. Mr. MACKENZIE: Are all those particulars you have given us in the return.

Mr. WHITE: It says:—

Herewith copies in duplicate of documents called for by Mr. Cahan in an Order of the House, as follows:—

1. Application, etc., of the Sterling Industrial Corporation, Ltd., of July 5th, 1924.

2. Application, etc., of the Beauharnois Light, Heat & Power Co., of March 17th, 1927.

3. Application, etc., of the Beauharnois Light, Heat & Power Co., of January 18th, 1928.

The CHAIRMAN: That file had better be marked as Exhibit No. 61.

Mr. WHITE: The Public Works file is of a similar nature, and contains a letter of the 7th of July. I take it to be identical with the other, only addressed to Hon. Dr. King, who was Minister of Public Works, and a letter to Messrs. McGiverin, Haydon and Ebbs, which seems to be also identical except that it is dated two days later. And then a letter from Mr. Desjardins, Assistant Secretary of the Department of Public Works to Messrs. McGiverin, Haydon and Ebbs, dated July 11th, 1924:—

I am directed to acknowledge the receipt of your letter of the 7th inst., addressed to the Minister enclosing on behalf of the Sterling Industrial Corporation Limited, an application for the approval of the proposed hydro electric power development scheme situated on the St. Lawrence River between Lake St. Louis and Lake St. Francis.

This application comes under the Navigable Waters Protection Act, and the applicants will have to comply with the provisions of this Act.

I send you herewith copy of our memorandum explaining the procedure to be allowed in this connection. You will please note that the plan and description have not been deposited with the Registrar; the application has not been advertised; and no evidence has been submitted to show that the Company has the right to use the site of the proposed works.

I return you herewith the tracing so that the Registrar's certificate may be appended thereto.

Will you please state if this Company has been incorporated under an Act of Parliament, and if so, under what Act.

And then Mr. Cameron, the Chief Engineer, writes to Mr. Dansereau, enclosing the file, and Mr. Dansereau returns it.

That is all that appears to be in that file except the plan which, I assume, is identical with the other.

The CHAIRMAN: That will be Exhibit No. 62.

Mr. WHITE: Then I have a return from Mr. Mulvey, Under Secretary of State, dated July 8th, 1931. Those Letters Patent are dated the 5th of July, 1924, the same date as the letter to the Minister of Railways & Canals, and recorded on the 15th of July in the same year, and they incorporate the Honourable Andrew Haydon and John Parsons Ebbs, Barristers-at-law, Mary Hilda Kelly, Belle Fraser and Lyla Brennan, stenographers, Lyla Brennan being the person who signed the application, all of the city of Ottawa, under the name of Sterling Industrial Corporation Limited, the objects and rights and powers being:—

- (a) 1. To carry on the business of an electric light, heat and power company in all its branches to construct, acquire, maintain, operate, use and manage works, machinery and appliances for the production of electricity, electric, pneumatic, hydraulic or any kind of power or energy or to lease or otherwise acquire such power and to accumulate generate transmit and distribute electricity and electric, pneumatic, hydraulic and any kind of power and energy for light, heat, power or any purpose for which electricity or electric or any kind of power or energy can be used, provided, however, that any sale, distribution or transmission of electric, hydraulic or other power or force shall be subject to local and municipal regulations in that behalf;

2. To carry on the business of electrical, mechanical, hydraulic and civil engineers and contractors, and any business in which the application of electricity or any other power is or may be useful or convenient;

- (b) To provide, purchase, lease or otherwise acquire, and to construct, lay down, erect, establish, operate, maintain and carry out all necessary

- works, stations, engines, machinery, plant, cables, wires, lines, generators, accumulators, lamps, meters, transformers, apparatus, appurtenances and appliances connected with the generation, accumulation, distribution, transmission, supply, sale, use and employment of electricity, and to generate, accumulate, transmit, distribute, supply and sell electricity for the purposes of electric heating, lighting, traction and motive power, and for industrial and other purposes, and to undertake and to enter into contracts and agreements for the lighting of cities, towns, streets, buildings, and other places, and for the supply of electric light, heat and motive power for any or all public or private purposes.
- (c) To make, build, construct, erect, lay down, maintain and operate reservoirs, waterworks, cisterns, dams, canals, tunnels, culverts, flumes, conduits, main and other pipes and appliances, and to execute and do all other works and things necessary or convenient for obtaining, storing, selling, delivering, measuring and distributing water for the creation, maintenance and development of hydraulic, electric or other mechanical power, or for any other purpose of the company;
 - (d) To construct, improve, work, maintain, manage, carry out or control, and to purchase, lease or otherwise acquire and to hold, use, sell, lease or otherwise dispose of any lands, works, mains, machinery or any roads, ways, bridges, reservoirs, watercourses, wharves, manufactories, warehouses, electrical works, shops, stores and other works and conveniences which may seem capable of being used or operated in connection with any part of the company's undertaking for the time being, or calculated directly or indirectly to benefit the company, and to equip, maintain and operate by electric, hydraulic or other mechanical power all works belonging to the company, or in which the company may be interested, and to contribute to, subsidize or otherwise assist or to take part in the construction, improvement, maintenance, working, management, carrying out or control thereof;
 - (e) To construct, maintain and operate lines of wires, poles, tunnels, conduits and other works, and to conduct, store, buy, sell, contract for, dispose of and distribute any and all such power, and with such lines, wires, poles, conduits or other conductors or devices to conduct, convey, furnish or receive such electricity or other power or energy to and from any company or companies, person or persons; provided, however, that the company shall not enter upon any street, highway or other public place for the purpose of placing thereon any of its plant, works or material used in the transmission or distribution of electric, hydraulic, pneumatic or other power and shall not erect or place on, under or across any such street, highway or other public place, any such plant, works, or materials unless with the consent of the municipality having control of such street, highway or other public place;
 - (f) To construct, acquire and operate lines of telegraph or telephone or other means of communication on lands owned or controlled by the company and for the purposes of the company only;
 - (g) For the purposes of the company to carry on the business of general contractors for and builders of works, public and private;
 - (h) To promote, organize, develop or manage or to assist in the promotion, organization, development or management of any corporation, company, syndicate, enterprise or undertaking, capable of being conveniently carried on in connection with the business of the company, and to raise and assist in raising money for and to aid by way of bonus, loan, promise, endorsement, guarantee of bonds, debentures or other securities or otherwise any such company or corporation and

to offer for public subscription any shares, stocks, bonds, debentures or other securities of any company or corporation, business or undertaking and for that purpose to appoint and remunerate any directors, accountants or other experts or agents;

- (i) To purchase, take in exchange or in payment or otherwise acquire, hold or own, and whilst holding the same, to exercise all the rights and privileges of holders and owners thereof, and to sell with or without guarantee and deal in the shares, bonds, debentures or other securities of any other company or companies having purposes or objects altogether or in part similar to those of this company, or carrying on any business capable of being conducted so as directly or indirectly to benefit the company, and to establish, promote or otherwise assist any such other company or companies;
- (j) To acquire by purchase, lease, exchange or other legal title and to sell and otherwise deal in the property, undertaking and business of any commercial, manufacturing or other trading corporation and of any firm, partnership or individual, having objects similar in whole or in part to those of the company, for the purpose of promoting and organizing companies to carry on the same and to manage, operate and carry on business, property and undertaking so acquired by the company and to assume the liabilities thereof;
- (k) To aid in any manner any corporation, association, firm or person in which or in whom the company may be interested or with which or with whom it may have business relations and to do any other act or thing for the preservation, protection, improvement or enhancement in value of any stock, bonds or other obligations or evidence of indebtedness of any such corporation, association, firm or person, including in particular the guaranteeing or assuming the payment of dividends upon the stock or the principal of or interest on or both, any notes, bonds, or other obligations and the performance of any contract by any such corporation, association, firm or person;
- (l) To purchase, acquire and take over as a going concern or otherwise, and to carry on all or any part of the property or business of any person, firm or corporation possessed of property which can be used for any of the purposes of this company or for carrying on any business which this company is authorized to carry on, and as the consideration or in furtherance of any of the foregoing in whole or in part thereof to pay or receive cash or to give in exchange shares of the capital stock, bonds or other obligations of this company, and in connection with any such transaction to undertake and assume any obligation or liability whatsoever relating to the business or property so acquired;
- (m) to apply for, obtain, register, purchase, lease or otherwise acquire, and to hold, own, use, develop, operate, introduce, exercise, grant licence in respect of or otherwise turn to account, and to sell, assign or otherwise dispose of, in whole or in part, any and all franchises, patents, patent rights, trade marks, trade-names, copyrights, and distinctive marks, formulae, secret or other processes, inventions, improvements, concessions and the like, conferring any exclusive or non-exclusive or limited right, and with a view to the working and development of the same to carry on any business which the company may think calculated directly or indirectly to effectuate these objects;
- (n) to purchase or otherwise acquire, and to hold, own, maintain, work, develop, sell, lease, exchange, hire, convey, or otherwise dispose of and deal in, either absolutely or conditionally and either solely or jointly with others, lands and leaseholds, and any interest, estate or rights in real

- property, without limit as to amount or location, and shares of stock, bonds, debentures or other evidence of indebtedness, of corporations or associations owning or operating the same, including buildings, machinery, factories and plants upon such terms and in such manner as may be deemed advisable, and also all personal property, necessary or incidental to the carrying out of the purposes of this company;
- (o) to purchase or otherwise acquire any merchandise for cargo and to carry and convey the same to any part of the world, and to sell or otherwise dispose of the same in such manner and upon such terms as may be expedient;
 - (p) to cause or allow the legal title, estate or interest in any property, whether real or personal, acquired, established or operated by this company, to remain or be vested or registered in the name of or operated by any person, firm or foreign or domestic corporation or association formed or to be formed, and either upon trust for, or as agents or nominees of this company, or upon any other terms or conditions which the company may consider proper, and, so far as pertinent to the property and purpose of the company, to manage the affairs or take over and carry on the business of any foreign or domestic corporation or association either by acquiring the shares, stocks or any securities thereof, or otherwise howsoever;
 - (q) to enter into any agreement or arrangement for sharing profits, union of interests, reciprocal concessions or co-operation with any person, company or association, formed or to be formed, carrying on or about to carry on any business which this company is authorized to carry on, or any business or transaction necessary or incidental to the carrying out of the purpose of this company;
 - (r) to sell, lease, develop, dispose of or otherwise deal with the undertaking of all or any part of the property of the company upon any terms, with power to accept as the consideration any shares, stocks or obligations of or interest in any other company;
 - (s) to issue and allot as fully paid-up stock of the company hereby incorporated in payment or part payment of any business, franchise, undertaking, property, rights, powers, privileges, lease, licence, contract, stock, bonds, and debentures or other property or rights which it may lawfully acquire by virtue of the powers herein granted;
 - (t) to enter into any arrangement with any government or authority, supreme, municipal, local or otherwise, and to obtain from any such government or authority any rights, concessions or privileges, which may seem conducive to the company's objects or any of them;
 - (u) to remunerate, either in cash or stock fully paid up or in other securities of the company, any company, firm, association, syndicate, or individual for expenses incurred and, with the approval of the shareholders, for services rendered or to be rendered to the company in placing or assisting to place or guaranteeing the placing of any of the shares of the company's capital, or any bonds, debentures or other securities of the company, or in or about the organization, formation or promotion of the company or the conduct of its business;
 - (v) to carry out all or any of the foregoing objects as principals or agents or in partnership or in conjunction with any other person, firm, association or company;
 - (w) to carry on and undertake any other business which may from time to time seem to the company capable of being conveniently carried on in connection with the foregoing objects and powers or calculated directly or indirectly to render valuable or enhance the value of any of the company's privileges, rights or property;

(x) to distribute among the shareholders of the company in kind, any property of the company, and in particular any shares, bonds, debentures or other securities in other companies belonging to the company or of which the company may have power to dispose.

The operations of the company to be carried on throughout the Dominion of Canada and elsewhere.

The place within the Dominion of Canada which is to be the chief place of business of the said company is the city of Ottawa, in the province of Ontario.

The capital stock of the said company shall consist of five hundred (500) shares without nominal or par value, subject to the increase of such capital stock under the provisions of the said Act and amending Acts, provided, that the company shall carry on business with a capital of two thousand five hundred (\$2,500) dollars and further provided that the said shares shall be issued and allotted at such times and for such consideration as may be fixed and determined by the Board of Directors as they may deem proper in their own absolute discretion.

And it is hereby ordained and declared that the company shall be deemed to be a private company under the provisions of the Companies Act and its amendments, with the following restrictions, viz.:—

1. The Directors may refuse to register any transfer of shares.
2. The number of shareholders of the company shall be limited to fifty.
3. The company shall have no right to issue any invitations to the public to subscribe for any shares or debentures of the company.

That the said Honourable Andrew Haydon, John Parsons Ebbs and Lyla Brennan are to be the first or provisional directors of the said company.

Provided Always that nothing in these presents expressed or contained shall be taken to authorize the construction and working of railways, or of telegraph or telephone lines, the business of banking, the issue of paper money, the business of insurance, the business of a loan company, or the business of a trust company, by the said company.

Given under my hand and seal of office, at Ottawa this Fifth day of July, 1924.

A. B. COPP,
Secretary of State of Canada.

The CHAIRMAN: Is that a certified copy of the Dominion Charter of the Sterling Industrial Company.

Mr. WHITE: Yes.

The CHAIRMAN: That will go in as Exhibit 63. What is the date of the incorporation.

Mr. WHITE: The 5th of July, 1924.

The CHAIRMAN: And what is the date of the application for this diversion.

Mr. WHITE: The 5th of July, 1924.

The CHAIRMAN: The same date as the incorporation.

Mr. WHITE: The same date as the letters of incorporation. Of course, we have in mind that probably this Charter was not issued until the date of its recording which was the 15th of July; but ordinarily you find out from the department the date upon which the Letters Patent will be dated and you commence business as of that date.

The CHAIRMAN: Yes.

Mr. WHITE: This Minute then goes on:—I am speaking of the Minute of the 14th of December, 1928:—

He further informed the meeting that an opportunity had presented itself to acquire all the issued shares of the Sterling Industrial Corporation Limited upon the terms and conditions hereinafter mentioned, which would give the acquirer control of all the assets and undertaking of the Sterling Industrial Corporation Limited, including its rights under and arising out of the said application.

On motion duly seconded it was unanimously resolved:

That this Syndicate enter into an agreement with John P. Ebbs to the effect that provided the application of Beauharnois Light Heat & Power Company to the Dominion Government for approval of its plans and site be granted on or before the 20th day of February, 1929, this Syndicate will allot and issue Two thousand (2,000) of its Part-Interests as fully paid and non-assessable to the said Ebbs and/or his nominees and the said Ebbs will deliver to this Syndicate and/or its nominees as consideration for such Part-Interests all the issued shares of Sterling Industrial Corporation Limited, the certificates for the said issued shares of Sterling Industrial Corporation Limited to be placed in escrow with a trustee, to be held by such trustee and disposed of in accordance with such agreement, and that Two thousand (2,000) Part-Interests of this Syndicate be and they are hereby allotted for the purposes of such agreement and the Marquette Investment Corporation is hereby authorized upon the said Ebbs and/or his nominees becoming entitled to the issue and delivery of the said Two Thousand (2,000) Part-Interests of this Syndicate, to issue the said Part-Interests and certificates for the same to the said Ebbs and/or his nominees, and that the President and Secretary Treasurer of this Syndicate be and they are authorized and instructed to enter into such agreement as may be necessary to carry out the terms and provisions of this resolution, and that a copy of such agreement, together with a certified copy of this resolution be delivered to the Marquette Investment Corporation, the Depositary and Transfer Agent of the Syndicate.

There was then submitted to the meeting a draft agreement providing for dealing with the manner in which the Syndicate should dispose of its assets.

Mr. LENNOX: Ebbs, according to that, was to get 2,000 Part-Interests in that Syndicate which were worth \$550 a piece.

Mr. WHITE: According to the price which Mr. Jones received.

Mr. LENNOX: He was to get \$1,100,000. Now, what was he giving.

Mr. WHITE: The stock in a company with 500 shares whose capital was limited to \$2,500.

Mr. LENNOX: What interest did that company have in the Beauharnois.

Mr. WHITE: They had an application which had been filed on the 5th of July, 1924 and which in the fall of that year had been refused.

Mr. JACOBS: Refused.

Mr. WHITE: Well, in the terms of the letter which I read.

Mr. JACOBS: They had a prior claim.

Mr. WHITE: I wonder.

Hon. Mr. MACKENZIE: A prior application.

Mr. JACOBS: They had the application there which Mr. Mackenzie suggests was prior.

The CHAIRMAN: It looks, of course, on the face of it unusual. This deal might never have gone through.

Mr. WHITE: It did go through.

The WITNESS: There was an extension of time granted under the agreement.

The CHAIRMAN: And this deal actually went through?

The WITNESS: 2,000 part-interests were issued.

By the Chairman:

Q. Which would amount to, if sold at the same price as Jones got, \$1,100,000, and what you got in return was the entire shares of the Sterling Industrial Corporation.—A. That is right, sir. We did not, of course, value those at \$1,000,000. I think I should make that clear.

By Mr. White:

Q. What in the world did you pay \$1,000,000 for.—A. We did not pay \$1,000,000. We paid \$200,000.

Q. Oh, well.—A. We issued shares for which we could have received \$200,000.

Q. And for which the holders of the shares received \$150 each, and how many shares?

The CHAIRMAN: 40 shares.

The WITNESS: At a subsequent date.

By Mr. White:

Q. What they actually received was 2,000 shares.—A. \$300,000.

Q. More than that, \$300,000 in cash.—A. \$300,000 in cash.

Q. And.—A. And 80,000 common shares.

Q. 80,000 shares at \$5 a share would be \$400,000, which is \$700,000. If you put it at \$10 a share, why it is twice that.—A. Well, we could put it at \$60.

Q. I understand that one gentleman is very strongly of the opinion that these shares are worth \$60 a piece.—A. I hope he is right.

Q. And I am going to have him here.—A. Well, as I say, I hope he is right.

By Mr. Lennox:

Q. What was the reason for issuing them direct to Ebbs instead of to the Sterling Industrial Corporation.—A. Ebbs was acting for the shareholders of the Sterling Industrial Corporation.

By the Chairman:

Q. And the shareholders consisted of.—A. I do not know who the shareholders were. I did not inquire from Ebbs. I have some knowledge received since then that I think I should offer.

By Mr. White:

Q. You don't think you should have?—A. Which I think I should.

The CHAIRMAN: If you think you should, let us have it.—A. I think I should say I have since learned that Mr. Henry was associated with Sterling.

Mr. JACOBS: He said so yesterday.—A. I was not here yesterday when he was giving his evidence.

The CHAIRMAN: That is just about the time that Mr. Henry was associated with McDougald?

Mr. WHITE: 1924, yes.

By the Chairman:

Q. What assets did you get from the Sterling Corporation?—A. We had what—

Q. I think the members of the committee have had more or less experience in the incorporation of companies, and things of that character, having to do with the assets of companies that sometimes spring up and mean nothing. What did you get as assets?—A. In the shape of tangibles, I must admit, I do not think we got anything. However, there are engineering records and the plans—I have already filed plans—

By Mr. White:

Q. Which you did not use.—A. Of ground that we had been over ourselves already.

By the Chairman:

Q. Which you did not require.—A. We did not require.

By Mr. Jacobs:

Q. It prevented competition?—A. Absolutely. We became controllers of that enterprise, and any claim of priority which they may have had on the record, ceased to exist. We regarded them as being an obstacle to a speedy conclusion of our enterprise; it was much better for us to absorb them than to fight them.

Mr. JACOBS: Yes.—A. I think I should explain the particular reason why the resolution was drawn in the form in which it was. The original proposal which was submitted to me by Mr. Swezey was, that we would acquire the shares of the sterling company and issue forthwith 2,000 part interest—

Mr. WHITE: Mr. Griffith—

Mr. MONTGOMERY: Let him finish his answer, Mr. White. You interrupted him.

Mr. WHITE: I am sorry.—A. I was just pointing out, that the original proposal was, we would issue part interest in our syndicate for the Sterling shares, and I took some exception to that, because I said we are getting some good will, some intangibles in removing obstruction, but we are not getting assets in the shape of cash or real estate, or tangibles which might be divided among the members of our syndicate, so that if our plan falls, if our plans are not approved and we have to wind this syndicate up, we do not want to dilute our syndicate part interests in this other 2,000 who are going to apply, why not put the money into the Beauharnois syndicate, and that was the reason for the issue to the trustee instead of making a direct issue with sterling.

By the Chairman:

Q. The issue of 2,000 part interest to the Sterling Industrial was contingent upon your application being approved?—A. Being approved, because then we would have an asset—

Q. I can very well see that it was to get rid of an obstruction.—A. Correct.

Q. You were not getting any tangible asset?—A. That is true, sir.

Q. You were, by taking this chance, getting away from a barrier or obstruction, and enlisting the sympathy of those who were promoting the Sterling Industrial Corporation?—A. That is quite right.

By Mr. Jacobs:

Q. In other words, the Sterling had become a nuisance?—A. We had, through our solicitors in Ottawa, made enquiries in the Department, some time before, as to what rivals we might have, who might be opposed to this, and we had knowledge of the Sterling some time before this transaction was entered into, obtained from the copies of the files—

By Mr. White:

Q. This is not the whole story, is it? As a matter of fact, Messrs. McGiverin, Haydon and Ebbs at the conclusion of their transaction became your solicitors and applied for your incorporation.—A. I think that McGiverin, Haydon and Ebbs had been our solicitors before this transaction.

Mr. JACOBS: That is a way lawyers have, Mr. White.

The WITNESS: I can ascertain the date on which we first obtained the services of McGiverin, Haydon and Ebbs.

Mr. WHITE: I wish you would.

The CHAIRMAN: Mr. Griffith, this Sterling Industrial Corporation is listed at \$2,500; was that the authorized capital?

Mr. LENNOX: Yes.

The CHAIRMAN: Surely, you did not take that company seriously. It was not set up in a way which would attack a problem of this character, obviously.—A. We did not think it was as well organized as our own, Mr. Gordon. At the same time, we felt that we were justified in taking that number of part interests to acquire that company.

Q. To get over the opposition of whom. What opposition did you have to get over?—A. Why of course, opposition came from all quarters.

Q. I beg your pardon?—A. Opposition came from all quarters; I do not think I can specify what opposition.

Q. Then, you obtained a large sum of money as represented by these units. That is what you obtained the large sum of money for, as represented by these units.—A. Well, we were advised, and I might say the decision of these matters didn't rest entirely with me.

Q. I know, but there was so much difference in the companies.—A. We were advised that here was a company that had made an application, which was nearly identical with ours, and which was prior to ours—

Q. Was there not a vast difference between your company and this one? With all the criticism that may be levelled at your company, at least this can be said of it, that you were going ahead, assuming very large obligations and seriously attacking the problem of developing this canal, and your expenditures were running into huge sums of money. Now, surely there is a vast difference between that operation and this obsolete barren company that was merely incorporated one day and filed application the same day, with a capital of \$2,500, to carry on a work of such magnitude—A. I agree with you.

Q. Who were you trying to enlist to help you by taking over the Sterling Industrial?—A. I am afraid I cannot say that in the frank spirit you would like it, because I just don't know. It was a kind of—it was an influence that was there that had to be removed.

Mr. JACOBS: Was there an actual influence?

The CHAIRMAN: No. An intangible something.—A. It was intangible.

Q. That you cannot identify?—A. That is right, sir.

By Mr. White:

Q. Whose influence did you enlist?—A. We enlisted Mr. Henry's influence, eventually. That was the point of contact I had with him. The first time we

ever met him was subsequently to that. I won't say we enlisted his influence. That reached the association—

Q. That is what you did say.

By Mr. Lennox:

Q. He was not ostensibly—he had no influence in the Sterling?—A. No. It was ostensibly McGiverin, Haydon and Ebbs.

By Mr. White:

Q. As I said, this was the same firm of solicitors who applied for and obtained the charter of the Beauharnois Power Corporation.—A. That is correct.

Q. From the Secretary of State of Canada?—A. That is correct.

By Mr. Lennox:

Q. As a matter of fact, this 2,000 part interest in the syndicate obtained for you the capital stock of the Sterling Industrial corporation?—A. Yes.

By the Chairman:

Q. How many shares were issued and allotted in the Sterling Industrial Corporation?—A. My recollection is they had never organized, other than the incorporators' share.

By Mr. White:

Q. When you say that, as a matter of fact there were five shares.—A. Either 5 or 7.

By the Chairman:

Q. Probably 5 shares at \$1 each, or no par value.—A. Yes; and we got that, and I believe the stock book and correspondence, most of which you already have.

Q. Two or three letters?—A. Engineering reports and plans.

Q. Which you never used?—A. Which we never used.

By Mr. Stewart:

Q. These shares would not form part of the 6,900 which Mr. Jones sold?—A. No, they did not.

By the Chairman:

Q. These are probably out of the last ten thousand, were they not?—A. They were, as a matter of fact. That brings the total issued capital up to 25,000 part interests.

Q. Was the whole 30,000 issued?—A. No, 25,000.

Q. This brought it up to 25,000?—A. Yes, sir.

By Mr. White:

Q. As a matter of fact, who conducted the negotiations in regard to this deal, the Sterling deal, on behalf of the syndicate?—A. I would say Mr. Sweezey and I did.

Q. Who conducted the negotiations on behalf of Mr. Sweezey,—on behalf of the Sterling corporation with Mr. Sweezey?—A. Mr. Ebbs.

Q. Then, on page 81 of the minutes, the agreement between Newman, Sweezey and Company and Dominion Securities Corporation, Ltd.—

Mr. STEWART: What date?

Mr. WHITE: The date on the agreement is the blank day of blank, 1928, and is an agreement between Newman, Sweezey and Company, and Dominion

Securities Corporation Limited, hereinafter called the bankers, parties of the first part, and the Beauharnois Power Syndicate, and the Marquette Investment Corporation, hereinafter called the syndicate.

Witnesseth as follows:

1. The Syndicate in consideration of the special services rendered to the syndicate by the bankers and further in consideration also of the undertakings of the bankers hereinafter contained, hereby covenants and agrees with the bankers that the rights and interests of the Syndicate in the following agreements, namely:—

- (i) An agreement between W. H. Robert and others and R. O. Swezey dated 3rd February, 1927, a copy whereof is hereto annexed marked "a."
- (ii) An agreement between W. H. Robert and others and the said R. O. Swezey and National Trust Company Limited dated 3rd February, 1927, a copy whereof is hereto annexed marked "b."
- (iii) An agreement between the said R. O. Swezey and Marquette Investment Corporation dated 12th May, 1927, a copy whereof is hereto annexed marked "c" and
- (iv) An agreement between the Beauharnois Syndicate and the Beauharnois Power Syndicate dated 4th April, 1928, a copy whereof is hereto annexed marked "d";

and in and to all the assets and rights covered by the said agreements and all other assets of the syndicate shall forthwith upon the Beauharnois Light, Heat and Power Company having received approval of its plans by competent authority be transferred directly or indirectly:—

- (a) To a company hereinafter for brevity referred to as "company x" which said company shall have as one class of its shares a special class consisting of one hundred (100) shares of a par value of One Hundred dollars (\$100) each."

I do not believe it is profitable for me to read the whole of this, because the financial structure was subsequently changed. I am correct in that, Mr. Griffith?
—A. That is right, Mr. White.

The Secretary reported to the meeting that one of the syndicate members, namely Colonel J. Welsford McDonald, of Pictou, N.S., who had subscribed for fifty part interests in the syndicate, failed to complete payment for the same in accordance with his subscription and that the amount of four thousand dollars (\$4,000) was still owing thereon.

And the shares were forfeited. Mr. Swezey subscribed for 40 shares in addition to what was allotted to him. On the 5th March, 1929, applications were received from a number of persons, a large number of Newman, Swezey and company, and as a result, transfers were permitted. There is nothing particularly in there, except Mr. Caron is transferring again, and Newman, Swezey and Company Limited are transferring to certain individuals, and a call of 20 per cent was made on the 21st of March, 1929. Applications for permission to transfer were also made, from various syndicate members, including two from Mr. Griffith of 50 shares each to F. W. Molson. That is all fully paid interests, and partly paid. The Royal Trust Company transferred to A. L. Caron, 100, and A. L. Caron transferred to A. O. Dawson, 50; and these were authorized, and then there is this resolution:

On motion duly seconded it was unanimously resolved that the officers of this syndicate be and they are hereby authorized to execute an agreement with John P. Ebbs, confirming a verbal arrangement made by them on February 15th, 1929, with the said Ebbs, extending the date

within which the Syndicate might acquire the capital shares of the Sterling Industrial Corporation Limited to April 30th, 1929.

The CHAIRMAN: That is what Mr. Griffith told us a moment ago about extending the agreement.—A. Yes.

By Mr. White:

Then, on the 3rd of July, 1929, transfers were authorized of 100 shares from R. O. Swezey to Joseph R. Paull, the Eastern Trust Company in trust, to estate G. H. Murray, Eastern Trust Company in trust to Hon. W. G. Mitchell, 50 shares; and 50 shares from the Hon. W. G. Mitchell to Newman, Swezey and Company, Ltd.

The CHAIRMAN: Is W. G. Mitchell in the original list?

Mr. WHITE: No. This is the first time he appears. Then there are 500 shares transferred from Frank P. Jones to the Hon. W. G. Mitchell.

The CHAIRMAN: What date is that?

Mr. WHITE: The third of July, 1929.

Mr. MONTGOMERY: That probably accounts for some of the 3,200.

Mr. WHITE:

The President presented to the meeting a letter of 3rd July, 1929, from Marquette Investment Corporation referring to the agreement of 18th December, 1928, between Beauharnois Power Syndicate and John P. Ebbs, and the resolution of the Board of syndicate managers dated March 21st, 1929, relating thereto and asking for instructions from the syndicate in connection therewith.

On motion duly seconded it was resolved that the Marquette Investment Corporation be instructed that as the Dominion Government has agreed to the request to divert forty thousand cubic feet of water per second for power purposes, in accordance with the application of the Beauharnois Light, Heat and Power Company, two thousand (2,000) part interests of the syndicate be issued and delivered to the said John P. Ebbs and that the shares of the Sterling Industrial Corporation be received in exchange for the said part interests to be held by Marquette Investment Corporation for the account and benefit of the syndicate.

After some discussion as to the manner in which the syndicate was to dispose of its assets, the meeting was adjourned to be reconvened at the call of the president.

Q. Did Mr. Ebbs hold these shares until the dissolution of the syndicate? —A. He did, Mr. White.

By the Chairman:

Q. What shares do you mean, the 2,000?—A. The 2,000.

Q. Mr. Griffith, pursuant to the agreement just referred to, were there issued capital stock, or were there issued shares of the Sterling Industrial Corporation in fact transferred to syndicate No. 2?—A. Oh, yes, they were. They were, in fact. In fact the share certificates properly endorsed in blank were delivered to me.

Q. Five certificates?—A. Yes.

By Mr. White:

Q. And at what price? At what value did you set them up in the syndicate books?—A. \$200,000.

Q. And in what account?—A. Well, I will have to have a balance sheet to trust my memory.

Q. I suggest to you it was the property rights and interests?—A. Not in the syndicate balance sheet; I think it just appears Sterling Industrial Corporation, \$200,000. I will have to look at the balance sheet to make sure of that.

Q. We will get the balance sheet.

Mr. STEWART: What day was that last meeting?

Mr. MACKENZIE: The third of July.

Mr. WHITE: 1929. As a matter of fact, after these five valuable documents, being the share certificates of the Sterling Investment Corporation, had been transferred to the name of the syndicate or to the name of anybody there—are they not still with the Marquette Company, lying there endorsed in blank?—A. Still lying there endorsed in blank, but with the secretary of the Beauharnois Power Corporation.

Q. Never have been transferred on the books of the Sterling Company?—

A. No. I might say—

Q. So far as the books of the Sterling Company go, to-day those five original incorporators still appear to be the shareholders of that company?—A. That is correct.

Q. At the meeting of the 9th July, 1929, it was the feeling of the meeting that it was expedient that the steps contemplated by the above agreement, which is the agreement between Newman Sweezey and Company, Ltd. and the Dominion Securities Corporation, the whole of which you will remember I did not read, because of the change,

it was the feeling of the meeting that it was expedient that the steps contemplated by the above agreement should be carried out, and inasmuch as it was reported to the meeting that the syndicate managers had been relieved of their undertaking to have the agreement ratified by the syndicate, and that Newman, Sweezey and Company, Ltd., and the Dominion Securities Corporation Ltd. had agreed to the cancellation of the agreement, it was moved and seconded and resolved, that the proper officers of the syndicate take all necessary steps to effect the cancellation of the agreement dated 18th December, 1928, between Newman, Sweezey and Company Limited, and the Dominion Securities Corporation, Limited, of the first part, and this syndicate of the second part to all intents and purposes and to the same extent as if the same had never been made.

That was carried unanimously.

A full discussion took place as to a plan for disposing of the undertaking and assets of the syndicate and the distribution thereof among syndicate members. Mr. F. P. Jones stated to the meeting that he was not in favour of having the plan dealt with at the present time, but felt that consideration of it and resolution embodying it should be dealt with at a later meeting. Mr. Jones verbally tendered his resignation from the position of syndicate manager and retired from the meeting. That is what he told us happened on the 9th of July.

After discussion on motion duly seconded it was resolved:

1. That the undertaking and assets of the syndicate (except any unpaid balances and any uncalled balances for which syndicate members may be liable to the syndicate in respect to the part-interests of the syndicate held by them respectively) be transferred to the company to be incorporated under the laws of the Dominion of Canada with the name "Beauharnois Power Corporation, Limited," or such similar or other name as can be procured hereinafter referred to as the "New Company").

2. That the New Company shall have an unauthorized capital stock consisting of—

(a) 5. Management Preferred Shares without any nominal or par value, the holders of which shall have the exclusive right for the period of ten

years from the date of the Letters Patent incorporating the New Company to elect and remove directors of the New Company, and the holder of each management preferred share shall otherwise have the same rights in respect thereof as if he were the holder of a common share. At the end of the said period of ten years, the management preferred shares shall automatically be converted into common shares. That such management preferred shares shall be subscribed for by or on behalf of Newman, Sweezey and Company Limited and the Dominion Securities Corporation Limited at one dollar (\$1.00) per share.

Mr. JACOBS: This is the voice of Jacob, but the hand is the hand of Esau. Are these ordinary clauses, Mr. White, or is there anything extraordinary about that?

Mr. WHITE: It depends upon what amount of experience one has had in company organization. I may say in regard to the small experience that I have had, the handling of the right to elect directors to holders of 5 one dollar shares in a company of this size, appears to me to be quite unusual.

The CHAIRMAN: Having regard to the magnitude of the project, is it not justifiable, to have continuity of management that these men be elected for ten years?

Mr. WHITE: In an election, they have the right to elect the directors for a period of ten years because they were underwriting shares and taking the responsibility. I think there is nothing wrong about it. It is something unusual in my experience, that is all I am saying.

The CHAIRMAN: In fairness to those—

Mr. WHITE: In the experience of other lawyers, it may be quite usual.

Mr. MONTGOMERY: It is quite a common thing. That was the experience in connection with the Asbestos Corporation.

The CHAIRMAN: The Asbestos Corporation fell on hard times, lately.

Mr. WHITE: It is coming back.

Mr. MONTGOMERY: We hope so.

The CHAIRMAN: I quite believe in having a continuity of management in projects of considerable importance. Mr. Jacobs agrees with me.

Mr. JACOBS: I agree with everything the chairman says, which I consider right.

The WITNESS: The period was reduced from twenty to ten years, the object being to cover the construction period.

Mr. WHITE: I was simply reading into the record, as I thought it my duty, the corporate structure of the Power Corporation.

Mr. JACOBS: Do you consider it of any value?

Mr. WHITE: We want to know what the capital of the company was.

The CHAIRMAN: That would be better on the record, I think.

Mr. JACOBS: Do you consider it of any value?

Mr. WHITE: We want to know, I assume, what the capital of the company was.

The CHAIRMAN: Yes, that would be better on the record, Mr. Jacobs, I think. We have not had it yet on the record.

Mr. WHITE: It is in the file but has not yet been put in the printed record.

2. That the new company shall have an authorized capital stock consisting of—

(a) 5 Management Preferred Shares without any nominal or par value, the holders of which shall have the exclusive right for the period of ten years from the date of the letters patent incorporat-

ing the new company to elect and remove directors of the new company, and the holder of each Management Preferred Share shall otherwise have the same rights in respect thereof as if he were the holder of a common share. At the end of the said period of ten years, the Management Preferred Shares shall automatically be converted into common shares. That such Management Preferred Shares shall be subscribed for by or on behalf of Newman, Swezey and Company Limited and The Dominion Securities Corporation Limited at one dollar (\$1) per share.

(b) 4,999,995 common shares without nominal or par value.

3. That the new company shall have all such appropriate powers as may be necessary for purpose of enabling it properly to carry on the undertaking transferred to it by the syndicate.

4. That the consideration for the said transfer be—

That is the transfer of the syndicate assets to the Power Corporation.

The WITNESS: This was changed later.

By Mr. Stewart:

Q. That has been changed?—A. I think that is the only change in that one respect, that the two classes of shares were created instead of one.

Q. That is Class A and Class B?—A. Yes, I think that is the only important change.

Mr. WHITE: It does not affect this particular matter which is dealt with by this particular agreement. We have to get it as it appears here. There is no place where it is set out in one place. The other thing comes in later.

Mr. JACOBS: Should it not go on the record?

Mr. WHITE: This particular thing now is the agreement between the syndicate and the company by which the assets of the company were transferred to the syndicate—

The CHAIRMAN: Whereby the assets of the syndicate were transferred to the company,—it is the other way.

Mr. WHITE: I am sorry but I mis-spoke. The consideration for the transfer was:

- (a) the sum of \$4,750,000 in lawful money of Canada payable at the time and upon the conditions hereinafter mentioned, and
- (b) the assumption by the new company of all the liabilities and obligations of the syndicate, and
- (c) the undertaking by the new company to defray the expenses (to an amount to be agreed upon) of the winding up of the affairs of the syndicate and the distribution of its assets among its members.

5. That the said sum of \$4,750,000 shall be payable upon the transfer of the said assets and undertaking to the new company.

6. That the said transfer shall be made and the said consideration given upon the following conditions having been complied with not later than November 1, 1929, or such later date as may be agreed upon between the new company and the syndicate,—

provided

- (i) That the necessary approval has been obtained under the Water Course Act of the province of Quebec of the plans of the Beauharnois Light, Heat and Power Company;
- (ii) That the agreement between the Dominion of Canada and the province of Quebec required by Clause 24 of the order in council of the Dominion of Canada dated March 8, 1929, respecting the Beauharnois Light, Heat and Power Company has been executed.

- (iii) That the requisite authorization has been secured from the Quebec Public Service Commission.
- (iv) That the syndicate and/or the new company have acquired the ownership or control of all the outstanding shares of Beauharnois Light, Heat and Power Company, free from all liens, charges or encumbrances.

7. That if the conditions set out in paragraph 6 hereof are not fulfilled within the time therein provided, the agreement between the syndicate and the company hereinafter provided to be made for the purpose of giving effect to the provisions of this resolution, be and become of no force and effect.

8. That the syndicate do subscribe for and purchase one million common shares (1,000,000) of the new company at one dollar (\$1.00) per share payable at the time of delivery of the assets and undertaking of the syndicate to the new company.

9. That the transfer of the undertaking and assets of the syndicate to the new company shall be upon terms that no representations or warranty as to title to the assets or otherwise be made or given, the intention being that the syndicate transfer all its rights, title and interest to such undertaking and assets but without any warranty of any kind.

The CHAIRMAN: Will these minutes be written into the evidence in full?

Mr. WHITE: We can have them in full. I have been reading them pretty fully. Mr. Perry has asked me to let him have this document for to-night, and that is probably what he has in mind.

10. That such undertaking and assets as set out in paragraph 1 hereof be transferred by the syndicate on the understanding that the new company is to enter into an agreement with Newman, Sweezey & Company Limited and The Dominion Securities Corporation Limited respecting the subscription for and purchase by Newman, Sweezey & Company Limited and The Dominion Securities Corporation Limited of certain collateral trust bonds and common shares of the new company, and respecting an arrangement in regard to the purchase of certain first mortgage bonds of the Beauharnois Light, Heat and Power Company, the whole as covered by a further resolution to be passed at this meeting.

11. That the syndicate's solicitors be instructed to prepare an appropriate agreement for the purpose of giving effect to the provisions of this resolution, such agreement to contain such terms, provisions and conditions to carry out the intent of this resolution as may be approved by the President, the Vice-President and the Secretary-Treasurer of the syndicate, or by any two of them, and any two of them are hereby authorized to execute an agreement for such purpose and the approval above mentioned shall be conclusively established by the fact of such execution, provided, however, that such agreement shall have no force or effect unless and until ratified and approved by resolution passed at a general meeting of the members of the syndicate called and held for the purpose.

The President reported to the meeting that it was necessary that the operations of the syndicate should be continued pending the completion of the transfer of the undertaking and assets as set out in the next preceding resolution and payment for such undertaking and assets obtained by the syndicate. For such purpose it was estimated that an amount of \$600,000 would be required. It was also pointed out that it was advisable to have provisions made to acquire the absolute ownership of the outstanding shares of the Beauharnois Light, Heat and Power Company now held subject to an agreement with William H. Robert

and others. Messers. Newman, Sweezey & Company Limited and The Dominion Securities Corporation Limited had indicated that they were prepared to advance to the syndicate and/or to the new company mentioned in the preceding resolution the necessary funds for such purposes on certain conditions.

On motion duly seconded, it was resolved:

1. That arrangements be made with Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited (hereinafter referred to as "the Bankers") for the advance by them to the syndicate and/or to a new company to be incorporated under the laws of the Dominion of Canada to which it is proposed that the assets of the syndicate be transferred (the said company being hereinafter referred as the "New Company") of—

(a) An amount or amounts aggregating not more than \$600,000, such amounts to be advanced by the bankers from time to time as required by the borrower, which advances may take the form of a bank loan or loans, the repayment of which is guaranteed by the bankers;

(b) Such amount not exceeding \$1,400,000 as may be necessary to enable the syndicate or the new company as the case may be to procure the absolute title to the outstanding shares of Beauharnois Light, Heat and Power Company free and clear of all charges and encumbrances, this advance of \$1,400,000 to be made upon the following conditions having been complied with not later than November 1, 1929, or such later date as may be agreed upon between the bankers and the syndicate or the new company, as the case may be:—

(i) That the necessary approval has been obtained under the Water Course Act of the Province of Quebec of the plans of the Beauharnois Light, Heat and Power Company;

(ii) That the agreement between the Dominion of Canada and the Province of Quebec required by clause 24 of the order in council of the Dominion of Canada dated March 8, 1929, respecting the Beauharnois Light, Heat and Power Company has been executed;

(iii) That the requisite authorization has been secured from the Quebec Public Service Commission.

2. If the said advances made to the syndicate amount to more than \$1,000,000 such advances shall be secured upon the assets of the syndicate, subject to the prior security held by the Bank of Montreal for an amount of \$500,000 and interest, which security attaches upon unpaid calls and/or uncalled balances payable in respect of Part-Interests of the syndicate, and all advances made to the syndicate are to be upon the condition assented to by the creditors of such advances that neither the syndicate managers nor any other members of the syndicate as such shall be personally liable for the repayment of such advances. All such advances made to or assumed by the new company are to be secured by First Debentures of the new company constituting a First Floating Charge on all its assets and undertaking.

3. That the bankers agree as a term of making such advances that they will not demand repayment of the same prior to the time when they shall no longer be bound under the terms of the agreement hereinafter mentioned to purchase Collateral Trust Bonds of the new company as in such agreement provided. Provided, however, that the said advances shall be repaid from the first proceeds of the sale of the said Collateral Trust Bonds.

4. That such arrangement be made upon the understanding that the bankers will agree with the syndicate and with the new company that they will forthwith enter into an agreement with the new com-

pany respecting the subscription for and purchase by the bankers of certain Collateral Trust Bonds and Common shares of the new company and respecting an arrangement in regard to the purchase of certain First Mortgage Bonds of the Beauharnois Light, Heat and Power Company, the whole as covered by a further resolution to be passed at this meeting.

5. That such arrangement be made upon the understanding that the syndicate will agree with the bankers that it will forthwith enter into the agreement with the new company provided for in the next preceding resolution which agreement is to provide for the sale of the assets and undertaking of the syndicate to the new company and for the purchase by the syndicate of one million Common shares of the new company.

6. That the syndicate's solicitors be instructed to prepare an appropriate agreement between the syndicate and the bankers for the purpose of giving effect to the provisions of this resolution (to which the said proposed agreement, referred to in the next preceding resolution, between the syndicate and the new company, shall be annexed as a Schedule) such agreement between the syndicate and the bankers to contain such terms, provisions and conditions to carry out the intent of this resolution as may be approved by the President, the Vice-President and the Secretary-Treasurer, or any two of them, and any two of them are hereby authorized to execute an agreement for such purpose and the approval above mentioned shall be conclusively established by the fact of such execution, provided, however, that such agreement shall have no force or effect unless and until ratified and approved by resolution passed at a general meeting of the members of the syndicate called and held for the purpose.

Then on page 111:

The President stated that it was important in the interests of the syndicate to arrange that the company to which the assets and undertaking of the syndicate are to be transferred as previously provided at this meeting, should be in a position to meet its obligations to the syndicate and also to continue its operations and undertaking, and that accordingly it was important that arrangements should be made for the sale of bonds and shares of such company to furnish it with funds for such purposes.

After discussion, on motion duly seconded it was Resolved:

1. That the arrangement between Newman, Swezey and Company Limited and The Dominion Securities Corporation Limited (hereinafter called "The Bankers") and the new company to be incorporated under the laws of the Dominion of Canada to which it is proposed that the assets and undertaking of the syndicate are to be transferred (hereinafter called the "New Company") which agreement is referred to in paragraph 10 of the 2nd resolution passed at this meeting, contain provisions to the following effect:

(a) That the new company create an issue of Thirty year 6 per cent Collateral Trust Sinking Fund Bonds to an authorized principal amount of \$30,000,000 which shall be secured by a first fixed and specific charge on all the outstanding shares of the Beauharnois Light Heat and Power Company and on all the outstanding shares of any other corporations to which they are transferred as nominees of the new company, any of the assets proposed to be transferred by the syndicate to the new company, and also by a first fixed and specific charge on 6 per cent Second Mortgage Bonds of the Beauharnois Light Heat and Power Company to an amount in par value equivalent to the par value of

the above mentioned Collateral Trust Bonds from time to time outstanding, and also by a first floating charge on the undertaking and all other assets of the new company.

By Mr. White:

Q. Now, Mr. Griffith, that provides, as I understand it, that this \$30,000,000 issue should be secured by and be upon the shares of the Beauharnois Light Heat and Power Company and the shares of any of the subsidiaries of the Beauharnois Power Corporation to which there have been transferred any of the assets of the syndicate?—A. That is correct.

Q. And also by the issue by the Beauharnois Light Heat and Power Company to an equivalent capital sum of 6 per cent Second Mortgage Bonds?—A. That is not correct. That has been changed in that respect.

Q. That feature was not carried out?—A. No.

Q. And that the actual bond issue which did take place was secured by a charge upon only the shares of the Beauharnois Light Heat and Power Company owned by the Power Corporation.—A. No, it is a little bit more than that.

Q. And the shares of certain subsidiary companies?—A. And in addition to that it is also secured, as we will see by reference to the Trust Deed, when you reach that point, by evidence of the indebtedness by the Light Heat and Power Company to the Beauharnois Corporation. That evidence of indebtedness is by way of book debts and advances which the parent company has made to its subsidiaries, and that takes the place of the bond issue, which has taken place there; and we are advised by our counsel takes the place with equal security for the holders of our collateral Trust Bonds.

Q. I do not suppose that would be a matter for lawyers to determine?—A. Well, they spent a lot of time trying to determine it.

By the Chairman:

Q. What was the real reason for the change? It occurred to me that it might have been because of the difficulty which the Beauharnois Light Heat and Power Company encountered in the assignment of their tangible assets without somebody's approval?—A. No, it was not that; because we can and we have assigned our assets recently. At that particular moment we would have had a great deal of difficulty in getting notarial assignment, of all our real property. It consisted, as you have seen, of a great deal of property, and it had all recently been acquired; and the total situation was a good deal involved, and we had a good deal of legal work of that kind but after consideration by the bankers, and on the advice of counsel acting for both parties, the present plan was determined upon as giving equal security.

By Mr. White:

Q. As a matter of fact was not the present plan adopted, that is the plan of showing the bond issue upon the security of the shares and, as you say, on the evidence of indebtedness, so that at a later stage the Beauharnois Light Heat and Power Company could in turn create and issue a bond issue on its assets?—A. That is correct, although at the time that was still the intention,—the second one.

Q. If that had been done and this plan had been carried out and there had been a bond issue of the Beauharnois Light Heat and Power Company Limited, the subsequent bond issue would have been a junior security to that?—A. Well, I am not sure. Mr. Montgomery would know.

Mr. MONTGOMERY: They are referred to as Second Mortgage Bonds, Mr. White.

The WITNESS: That could easily have been met by making a blanket mortgage and holding it subject to that.

Mr. MONTGOMERY: They are obviously junior to something.

The WITNESS: I think that may be taken as a technical thing and not particularly of significance.

By Mr. White:

Q. I was wondering whether it was a technical one or whether it was one of finance rather than law.

By the Chairman:

Q. Did I undersand you to say, Mr. Griffith, that it was the intention or that it might come to a review of the question of the Beauharnois Light Heat and Power Company making an issue of bonds or debentures on their assets?—

A. Whether it will come under review or not, I do not know; but we have at present a First Mortgage Bond issue on the assets of the Beauharnois Light Heat and Power Company, which is pledged as Collateral security for advances which have been made and are being made now to the Beauharnois Light Heat and Power Company to enable it to carry on its operations.

By Mr. White:

Q. What is the amount of that bond issue?—A. I believe it is \$20,000,000. It is in the form of an hypothecation and is not in a form for publication. That is the First Mortgage issue; and the conditions under which the First Mortgage Bonds may be issued are set out in the trust deed and are fully complied with in the circular describing the Trust Bonds.

By the Chairman:

Q. I was under the impression, rightly or wrongly, that there was something in the order in council 422 which prevented the Beauharnois Light Heat and Power Company from assigning the rights granted in the order in council without the approval of the Governor in Council?—A. I may say that the rights have not been assigned.

Q. That is quite true, and that is why I asked you whether or not (referring to section 26) you were inspired to change the form of your bond issue—

Mr. FORSYTHE: P.C. 1081 amended P.C. 422 to provide the approval required and that such a charge shall not be deemed to be an assignment within the meaning of section 26.

The WITNESS: That is the usual phrase in the Quebec orders in council where they permit an assignment to trustees for payment of bond issues.

Mr. MONTGOMERY: P.C. 1081 was the Order in Council approving of the agreement executed between the Crown and the company.

The CHAIRMAN: The Crown in right of the Dominion?

Mr. MONTGOMERY: Yes.

Mr. FORSYTHE: I understand there is a similar provision in the Quebec Order in Council, that the assignment shall not be against the lease.

The WITNESS: There is a little difficulty in making an assignment, in the approval of plans. In the Quebec situation we have the water lots and other properties of the province which are leased to us, which we can register the assignment against.

By Mr. Lennox:

Q. I suppose if you had not the right to do it the banks would not have advanced you the money—they would have looked into it pretty carefully?—

A. The banks would rely upon their legal advisors. As to the creation of the bond issue, there is no question about that; that is very carefully watched at all times.

Q. A bank's solicitors would not allow a very large amount of money to get out without whatever was necessary?—A. I think we can take that for granted. My experience has been that they are very careful.

By Mr. White:

Q. This resolution proceeds as follows:—

The trust deed securing the said collateral trust bonds shall provide that the first fixed and specific charge on all the outstanding shares of Beauharnois Light, Heat and Power Company and other corporations as above provided shall not prevent the issue of bonds, debentures or securities by the said Beauharnois Light, Heat and Power Company or any of the said other companies and shall specify that the conditions of deposit permit the respective companies to create mortgages and issue securities.

Then clause (b) of this resolution, on page 113, provides:—

(b) That subject to such terms, provisions and conditions as may be agreed upon between the bankers and the new company, with the approval of the syndicate as hereinafter mentioned, the bankers shall agree to purchase from the new company \$30,000,000 par value of the said collateral trust bonds for the price of \$26,230,000 and accrued interest, and also to purchase 770,000 unissued common shares of the new company at the price of one dollar (\$1) per share. If the terms and conditions to be performed by the new company under the bankers' agreement shall not have been fulfilled and complied with and the bonds of the new company in interim form ready for delivery by the first day of November, 1929, the bankers shall be entitled at any time after such date to give the new company by notice in writing a delay of ten days within which to fulfil the conditions and make the said delivery, and if such conditions be not fulfilled and delivery made within the said ten days, the agreement between the bankers and the new company shall be of no further force and effect at the expiration of the delay.

That really makes \$27,000,000 for the bonds, the shares being really a bonus.

Then clause (c) provides for the method of compensation.

Clause (d) provides as follows:—

(d) That the new company will sell or cause to be sold to the bankers and the bankers will purchase from time to time at fair and reasonable prices, having regard to the circumstances existing at the time of such purchase, Forty-year First Mortgage Sinking Fund Bonds of the Beauharnois Light, Heat and Power Company up to an amount of \$40,000,000 par value in connection with the installation by that company of its first 350,000-h.p. development. It is also intended that further issues of securities of that company which are to be offered for public subscription shall be offered to the bankers at prices and on terms to be agreed upon. If no agreement be reached within three months from the date of such offer, no further obligation shall rest upon the new company with respect to such offer.

So at that time it was apparently contemplated that the Beauharnois Light, Heat and Power Company would create an issue of \$40,000,000.

The next resolution states that:

The President stated that it was advisable to authorize the incorporation of the new company referred to in the preceding resolutions.

Then a motion was passed to that effect.

Then a provision was made that upon receipt by the syndicate of the full consideration, namely: \$4,750,000 to be paid to it for the transfer of its assets and undertaking to a new company, and upon receipt by it of One Million (1,000,000) shares of Common stock of such new company to be subscribed for by it of One dollar (\$1.00) per share and after such provision as the syndicate managers may consider requisite or advisable for the debts, liabilities and expenses of the syndicate, the remaining assets of the syndicate be distributed among its members pro rata in accordance with their holdings of part-interest in the syndicate.

Then a motion was passed to that effect.

Then there was a resolution that the annual general meeting of the members of the syndicate be called for the purposes of receiving the reports of the Board of Syndicate Managers and of the auditors, of electing a Board of Syndicate Managers, of appointing auditors and transacting such other business as may properly come before the meeting and that such meeting be also called and held as a special general meeting of the members of the syndicate for the purpose of considering and if thought fit ratifying, approving, sanctioning and confirming these actions.

On the 10th July, 1929, the syndicate managers held a meeting and a draft agreement between the syndicate and the Beauharnois Construction Company was adopted. That agreement is dated the day of 1929,—the day is not in here. This appears on page 123 of the minutes.

"The Beauharnois Power Syndicate, hereinacting and represented by " and so on, party of the First part; and "Beauharnois Construction Company" party of the Second part:

Whereas the syndicate has for some time past caused to be carried out at its expense extensive engineering work, investigations and research in connection with a proposed power development intended to be carried out in and about the County of Beauharnois and Lake St. Francis, the River St. Lawrence and Lake St. Louis with a view to developing the power resulting from the difference in level between Lake St. Francis and Lake St. Louis; and

Whereas the syndicate as a result has acquired and is now possessed of valuable information, plans, records, reports of surveys, data, programs and estimates, and other records and information, and certain equipment:

Now Therefore This Agreement Witnesseth: 1. The syndicate hereby sells, transfers and makes over to the company as the absolute owner thereof the benefit of all engineering work, investigations and research heretofore carried out by it or for it in connection with the said proposed power development, and all its right, title and interest in and to all the said valuable information, plans, records, reports of surveys, data, programs and estimates, and other records and information, and all equipment required by it in connection with or for the purposes of the proposed power development, including but without limiting the generality of the foregoing the equipment listed in Schedule "A" hereto and the plans, estimates and data set out in Schedule "B" hereto.

2. The present sale and transfer is thus made for and in consideration of the sum of \$500,000 paid by the company to the syndicate at or

before the execution hereof, the receipt whereof is hereby acknowledged by the syndicate.

And that is approved; and then it is resolved "That the syndicate do subscribe for 49,995 shares of the Capital Stock of Beauharnois Construction Company without nominal or par value at \$10 per share." In that way, practically, with the exception of the five shares, the \$500,000 which was paid in cash goes back into the Construction Company. In other words, the effect of it is that the plans which are mentioned here were turned over to the Construction Company for the total issued Capital Stock of the Construction Company.

Mr. JACOBS: What did you say was the Capital Stock of the Construction Company?

Mr. WHITE: \$500,000.

By Mr. White:

Q. That is correct, is it?—A. That is correct, yes.

Q. And then it was provided that the syndicate pay \$50 for the five qualifying shares.

Then it goes on to say:

That the president or the vice-president and the secretary-treasurer, or any two of them, be and they are hereby authorized for and on behalf of the syndicate to make advances by way of loan to the Beauharnois Construction Company to such amounts as they may consider necessary for the purposes of that company in the interests of the syndicate—

on such terms as they see fit. And I think large sums of money have been advanced to them?—A. Yes, that is so.

By the Chairman:

Q. There is no bond issue?—A. No, sir, and under the terms of the Collateral Trust Deed no bond may be placed in any subsidiaries—no, I must correct myself, and I must look that up. I believe bonds could be put on; but there are none on and there is no intention of putting any on.

Q. Is it correct that all the assets whatever they may be of all the subsidiary companies are owned by the Beauharnois Power Corporation?—A. That is right, sir.

By Mr. White:

Q. At a meeting of the Board of Syndicate Managers of Beauharnois Power Syndicate, held on the 26th July, 1929, a resolution was passed:

That the Beauharnois Power Syndicate do irrevocably consent and agree with and in favour of Frank P. Jones that any and all unpaid balances of subscription price of any of the Part-Interests of The Beauharnois Power Syndicate covered by the agreement of purchase and sale dated the twenty-sixth day of July, 1929, between the said Frank P. Jones and Robert Oliver Sweezey may be paid to the Bank of Montreal to which bank the same have been assigned, and that such payments shall be in full and final discharge of all the liability and indebtedness to the Syndicate of the subscribers for or holders of such Part-Interests

that is, in the carrying out of the sale by Mr. Jones and his proxy associates of their interest in the syndicate.

Then at the meeting on the 26th July, 1929, of the syndicate managers, transfers were made from Dominion Securities Corporation of one share to John F. Lash; and from R. O. Sweezey to Angus W. Hodgson of 640 shares; and from F. P. Jones to Marlee Investment Corporation of 50 shares.

Then there is a resolution with regard to temporary advances by Newman, Sweezey and Company Limited and The Dominion Securities Corporation Limited to the syndicate, and a draft agreement was presented between the syndicate and Newman, Sweezey and Company Limited and The Dominion Securities Corporations for temporary advances.

On the 7th July, 1929, there was a special general meeting of the members of the Beauharnois Power Syndicate, at which 19,825 Part-Interests were represented.

The President then read the report of the Board of Syndicate Managers respecting the activities of the Syndicate for the year ended December 31, 1928.

I would like to get that report, if I may, Mr. Griffith.—A. If I have one I will get it for you.

Hon. Mr. MACKENZIE: What is that, Mr. White?

Mr. WHITE: The report of the Board of Syndicate Managers for the year ending December 31, 1928.

The report of the auditors for the same period apparently was read at the same meeting.

And then the resolutions and activities of the syndicate were approved, in respect to these agreements that we have been reading about. And the authorization of the subscription for a million shares of the new company was authorized, and Mr. F. P. Jones announced that he had retired from the syndicate and from the presidency of the Beauharnois Light, Heat and Power Company. And the syndicate managers were elected, Mr. R. O. Sweezey, Mr. R. W. Steele, Mr. H. B. Griffiths, Mr. F. S. Molson and Mr. J. P. Ebbs.

On the 7th July, 1929, just the officers, Mr. Sweezey, president; Mr. Steele, vice-president, and Mr. Griffith, secretary and treasurer, were elected.

Then on the 6th September, 1929, there were transfers of Part-Interests authorized from Frank P. Jones to Robert O. Sweezey, 1,400; Credit Generale du Canada to Robert O. Sweezey, 1,600; Frank P. Jones to Vernon A. Smale, 100; Robert O. Sweezey to Mrs. Marie Smart, 25; Robert O. Sweezey to Newman, Sweezey and Company Limited, 3,000; and another 5 shares to them; Robert O. Sweezey to O. R. Sharp, 15; Colin W. Webster to National Bond and Share Co. Limited, 10; Ward C. Pitfield to W. C. Pitfield and Company, 150; L. G. Beaubien & Company Limited to certain other individuals, small lots, and so on. All this was authorized.

The financing is dealt with, I mean temporary advancing by loan from the Bank of Montreal and borrowing is authorized.

Mr. Sweezey submitted to the meeting an agreement made at the City of Montreal on the 18th July, 1929, between himself and W. H. Robert, S. M. Robert, J. A. Robert and E. A. Robert, relating to the Memorandum of Agreement made on the 3rd February, 1927, between William Henry Robert, Joseph Alfred Robert, Miss Sarah Mary Robert of the one part, and Robert Oliver Sweezey, of the other part, which agreement of the 18th July, 1929, contains certain modifications of the provisions contained in the agreement of the 3rd February, 1927, which agreement of the 3rd February, 1927, had been assigned by Mr. Sweezey to the Marquette Investment Corporation by an agreement of the 12th May, 1927, between Mr. Sweezey and that Corporation.

It was resolved, on motion duly seconded, that this syndicate hereby accepts and assents to and approves of said agreement of the 18th July, 1929, and to all intents and purposes and in so far as may be necessary or useful, ratifies and confirms such agreement.

I do not know what it is, and apparently the syndicate did not either.

On the 25th October, 1929, there were some transfers of Part-Interests in the syndicate authorized: Partly paid: Hugh B. Griffith to Wilfrid L. McDougald, 1,000.

Mr. JACOBS: What is the date of that?

Mr. WHITE: 25th October, 1929.

Oscar Dufresne to Wilfrid L. McDougald, 1,000 Part-Interests.

On the same date there is a transfer from Wilfrid L. McDougald to the Montreal Trust Company of 2,000 fully paid Part-Interests.

I should have said that the transfer of these partly paid Part-Interests from Mr. Griffith and Mr. Dufresne to Senator McDougald of the two thousand Part-Interests first mentioned were partly paid Part-Interests; and at the same meeting ratification of the transfer from Wilfrid L. McDougald to the Montreal Trust Company of 2,000 fully paid Part-Interests is authorized. It is not shown when, where or how McDougald obtained those.

The WITNESS: The books show, Mr. White, that he paid in cash the difference.

By Mr. White:

Q. What difference?—A. The unpaid portion.

Q. What happened then? You and Mr. Dufresne transferred to Senator McDougald 2,000 partly paid shares and he immediately had them re-transferred?—A. On the same day he paid the unpaid balance and made them into fully paid shares.

Q. And transferred them to the Montreal Trust Company?—A. That is correct.

By the Chairman:

Q. I was under the impression, Mr. Griffith, that you told me that you had carried the shares of Dufresne or the units of Dufresne and the units of Simard.—A. No, only the units of Simard, sir; and McDougald purchased from me, and they were Simard's units that he purchased, 1,000; and he purchased also 1,000 from Dufresne. On that date they had been fifty per cent paid up.

Q. I gathered from you, whether rightly or wrongly, that you had taken the subscription on behalf of Simard for 1,000 Part-Interests?—A. That is right, sir.

Q. Then I gathered from your evidence that you had carried the payments along and had received your money back from Simard, and that Simard had ultimately paid for them in full.—A. Oh, well, I may have given a false impression. I know that Simard did pay me all the money that I had put up, and that the shares ultimately became fully paid; I had not recalled the fact that it was by McDougald having paid fifty per cent. Simard through me, and Dufresne directly had paid the other fifty per cent from time to time. I may have given a wrong impression there. That had slipped my mind.

By Mr. White:

Q. Then as to partly paid Part-Interests, Robert O. Sweezey transferred twenty shares to J. Charles Hope; and Adolphe L. Caron transferred to Versailles, Vidricaire and Boulais, Ltee, twenty-nine shares; and F. S. Molson, transferred to Newman, Sweezey and Company, Limited, 170 shares. And of the fully paid-up shares, Frank P. Jones transferred to R. O. Sweezey, 2,000; J. R. Lefebvre transferred to R. O. Sweezey, 10,000; J. R. Lefebvre transferred to Vernon A. Smale, 600;—

By the Chairman:

Q. Lefebvre paid for his 1,000 in full, I suppose?—A. Yes, sir, he did.

Q. Do you remember was that his own cheque?—A. No, I do not recall that. I think I was asked that this morning. I could not be sure.

By Mr. White:

Q. Then John Stadler transferred to the Dominion Securities Corporation, 200. Who is Mr. Stadler, do you know?—A. He is an engineer in Montreal who has been very prominent in the pulp and paper business for a number of years.

Q. Then Wilfrid L. McDougald transferred to the Montreal Trust Company, 2,000 shares; Newman, Sweezey and Company Limited transferred also to the Montreal Trust Company, 6,000,—I suppose that is some private transaction of their own with which you are not concerned?—A. No, I was not.

Q. It was a private transaction of Mr. Sweezey's?—A. Yes, it is part of the transaction he made with Mr. Jones.

Q. Then Hon. W. G. Mitchell transfers to Hon. Donat Raymond, 350; and Mr. Mitchell transfers to Vernon A. Smale, 150; and Mr. R. T. Fulford transfers to Hon. Donat Raymond, 1 share; estate of G. H. Murray transfers to Mr. Vernon A. Smale, 50 shares. And there are several transfers by Mr. Sweezey, one to C. J. Hodgson and Company, 130; to Newman, Sweezey and Company, Limited, 20; John Stadler transferred to O'Brien and Williams, 100; Newman, Sweezey and Company transferred to the Dominion Securities Corporation, 100 shares; and F. S. Molson transferred to Newman, Sweezey and Company, 125 shares.

Then there is a borrowing resolution, and on the 4th December, 1929, a lot of transfers were authorized—

By the Chairman:

Q. Mr. Griffith, can you tell me if these transfers we are presently dealing with arose out of Mr. Jones' transaction with Mr. Sweezey?—A. Not all of them, Mr. Chairman; but the large ones which you have spoken of did. I think I might explain that after the meeting which took place in July, after the terms of the proposed arrangement between the syndicate and the new company had become public, Part-Interests, in the syndicate were dealt in fairly freely; and the syndicate managers adopted an attitude which was then well known, that they would permit transfers to and from anybody; in other words, the restriction which had applied in early days no longer applied; and there was a good deal of dealing over the counter between brokers and their customers; and that gave rise to a good deal of the transfers. The only exception is that from Jones to Sweezey and the Montreal Trust, which has been dealt with before.

By Mr. White:

Q. Then at the meeting on the 4th December, 1929, there was submitted to the meeting a statement of accounts of the syndicate as of the 31st day of October, 1929, and it was approved. Will you let me have that?—A. Yes, Mr. White.

Q. Then there is a provision for the payment of the syndicate managers, and a committee was appointed to fix the remuneration of the Marquette Investment Corporation, the committee being Mr. Steele and Mr. John P. Ebbs; and then it appears on page 157 that that is fixed at \$25,000 exclusive of disbursements.

Then provision is made for the carrying out of the agreement with the new company. Then this resolution was passed:

That for the purposes of the distribution of the assets of the syndicate among its members there be sent to each syndicate member by the President or a Vice President or the Secretary, a notice substantially in the following form or to like effect:

You appear on the books of the Beauharnois Power Syndicate as the holder of.....Part-Interests of that syndicate.

Steps are now being taken to effect the sale and transfer of the assets and undertakings of the syndicate to Beauharnois Power Corporation Limited and the other transactions authorized by the general meeting of the members of the syndicate held on the 27th day of July, 1929, including the distribution among the members of the syndicate of the assets resulting from these transactions.

When these transactions are completed, there will be available for distribution among the members of the syndicate \$150 in cash and 40 Class "A" Common Shares (without nominal or par value) of Beauharnois Power Corporation Limited in respect of each fully paid Part-Interest of the syndicate.

And then provision is made for the form which is enclosed.

The highest price paid would be \$100 per Part-Interest?—A. Yes.

Q. And what would have been the lowest?—A. \$100 a share.

Q. Mr. Jones did not pay \$100?—A. Well, in the syndicate.

By the Chairman:

Q. That is correct, is it not?—A. Yes, it is, Mr. Chairman.

Q. All the Part-Interests in the second syndicate were \$100 each?—A. That is right, sir, except the 10,000 that went to the first syndicate and the 2,000 that went to the Sterling.

Q. Just at this juncture, let us get that clear. Apart from the 10,000 and five shares that went to the first syndicate to replace at two for one the issued unit shares of the first syndicate, all the other share interests or part-interests issued by the second syndicate were actually paid for in cash per part-interest, with the exception of the 2,000 units which went to the Sterling Industrial Incorporation?—A. That is right, sir.

Q. Absolutely no other part-interests went to anybody for services rendered or accounts owing or anything of the kind?—A. They were all paid fully in cash.

Q. And that cash went into the treasury of Syndicate No. 2, as you call it?—A. Yes, sir, that is right.

Q. Just at this juncture might I ask another question, before you go on, Mr. White? When Mr. Jones and Mr. Sweezey came to their agreement, do you know whether it was reduced to writing or not when Jones sold to Sweezey?—A. I think it was, although I have never—

Q. Do you remember when Mr. Sweezey paid Jones off?—A. Yes, he paid him off at dates corresponding to the dates of transfer, which I think were July 18 and October 1, 1929.

Q. And so far as your knowledge is concerned, is Jones right when he says that he and his friends, or those proxies that he had, got approximately three and a half millions from Sweezey—as far as your knowledge goes?—A. Yes.

Q. Do you know whether any monies of the syndicate were used to pay Jones off?—A. I know they were not.

Q. In any way?—A. No monies at all.

By Mr. White:

Q. Or borrowed from the syndicate?—A. Or borrowed from the syndicate.

If I might make one suggestion, I would like to ask you to file these heavy books, if Mr. White will consent; or do you want to take some time over that?

By Mr. Stewart:

Q. You sold 25,000 shares or part-interests of that syndicate?—A. 25,000 altogether.

Q. And you got in altogether \$1,295,000?—A. You have included the amount received from the first syndicate. We got in altogether \$1,591,000 in cash.

By Mr. Forsythe:

Q. Is the Sterling interest in that?—A. That was in cash.

By Mr. Stewart:

Q. You gave 10,000 to the first syndicate and 2,000 to the Sterling Company and you sold the balance?—A. That gave us \$1,300,000 in cash.

By the Chairman:

Q. What makes up the total, General Stewart, is that he got \$1,300,000 in cash, and \$200,000 of the Sterling assets?—A. That is right.

By Mr. White:

Q. Where does the \$91,000 come from?—A. There is no \$91,000; I was adding that on, and I think General Stewart was, to the amount received from the members of the first syndicate. The total amount of receipts from members of the two syndicates together was \$1,761,000.

By the Chairman:

Q. So that the cash received by the second syndicate was \$1,300,000, plus the amount received on the Sterling assets?—A. Yes, that is right, sir.

Mr. WHITE: I will just take a moment or two to put in some exhibits. These are two books of the Beauharnois Power Corporation, Limited, containing By-Laws and Minutes:—

Book No. 1, filed, marked Exhibit 64.

Beauharnois Power Corporation Limited, Manager Preferred Shareholders Minute Book filed, marked Exhibit 65.

Then there is the Marquette Construction Corporation minute book.

The WITNESS: That is incorporated in the State of Delaware?

Mr. WHITE: There will be some explanation in connection with that.

Marquette Construction Corporation Minute Book, filed, marked Exhibit 66.

Beauharnois Construction Company minute book filed, marked Exhibit 67.

Beauharnois Land Company Book filed, marked Exhibit 68.

Beauharnois Transmission Company book, filed marked Exhibit 69.

The Committee adjourned at 5.00 p.m., to resume on Thursday, July 9, 1931, at 11 a.m.

GOVT. PUBNS

BINDING SECT. JUL 2 1980

